



Mr John Pierce AO  
Chair  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Ref: MBR036937



Dear Mr Pierce

**AEMC DRAFT RULE CHANGE ON TECHNICAL PERFORMANCE STANDARDS FOR  
CONNECTING GENERATORS**

Thank you for the opportunity to make a submission on behalf of the Victorian Government to the Australian Energy Market Commission's (AEMC) Draft Rule Determination, *National Electricity Amendment (Generator Technical Performance Standards) Rule 2018*.

The Victorian Government supports in principle the AEMC's view that the current generator access standards and processes for negotiating connections prescribed in the National Electricity Rules are no longer appropriate to address the challenges created by the changing energy mix. We also agree with the AEMC that the draft rule improves and clarifies the negotiating process for connections and that each new connection will need to have a level of performance that balances system security, quality of supply and cost.

However, the AEMC's draft rule change determination proposes an eight-week transition period for generation projects currently negotiating their connection to the national electricity grid. The government believes that this transitional period is too short for project developers to respond to effectively.

We are concerned that projects supported by the government in advanced stages of development may be unable to appropriately accommodate these requirements and maintain their committed project timelines. This relates to projects already supported through existing agreements as well as those potentially arising from government programs. While participants in some programs have been required to demonstrate their capacity to meet the requirements of the proposed rule change in their submissions, the additional information that has recently been released is of concern to the government due to the short proposed transitional period. Additional requirements that may be imposed on generators could also have significant late-stage impacts on projects costs, resourcing and required studies – particularly if numerous projects suddenly place demands on the limited number of providers capable of complex system modelling.

To smooth the implementation of stronger generator connection standards, the government proposes that the AEMC revises the transition period to finish on 1 February 2019. This will allow a number of highly developed projects to achieve timely connection agreements while still ensuring that the vast majority of projects securing connection agreements in 2019 comply with the new standards.

While noting that a binding direction is not possible, the government also requests that the AEMC recommends that the Australian Energy Market Operator (AEMO) continue to maintain efficient connection application processing during the transitional period. This will help avoid a build-up of connection applications and reduce the risk of delays to future projects.

The government recognises the importance of enhancing system security and power supply quality in the context of a changing generation mix in the National Electricity Market. In finalising the new generator technical performance standards, the government urges the AEMC to provide more time and therefore greater certainty to developers in the final non-construction stage of project development.

I trust this input is of assistance. If you have any questions about this submission, please contact me by email [paul.murfitt@delwp.vic.gov.au](mailto:paul.murfitt@delwp.vic.gov.au) or on (03) 9637 8235.

Yours sincerely



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