



OFFICE OF THE CHIEF EXECUTIVE

23 May 2019

Suzanne Falvi
Executive General Manager
Australian Energy Market Commission (AEMC)
PO Box A2449
Sydney South NSW 1235

Attention: Thomas Lozanov

Dear Ms Falvi,

REF: ERC0257

Transparency of New Projects – Consultation Paper

Powerlink Queensland (Powerlink) welcomes the opportunity to provide input to the AEMC's Consultation Paper on the Transparency of New Projects Rule change proposals from Energy Networks Australia (ENA), Australian Energy Council (AEC) and the Australian Energy Market Operator (AEMO).

Powerlink supports the Rule change proposals which have the common objective of seeking to increase transparency of information about new and proposed generation projects. Primarily Powerlink is supportive of an approach that can assist to facilitate more efficient and optimal network outcomes at a lower cost to consumers. From this perspective, Powerlink makes the following key points in response to the issues raised in the Consultation Paper:

- 1. Consolidated consideration of Rule change proposals** - Powerlink considers the three Rule change proposals are complementary and agrees it is desirable to deal with the proposals together. Consolidated consideration of the proposals will allow the AEMC and stakeholders to consider the full range of issues and determine an approach that provides a more holistic response. This should assist to develop an approach that provides the broadest scope of benefits that can be achieved from greater transparency of information consistent with the National Electricity Objective.
- 2. Better coordination between generation and transmission** – the Consultation Paper identifies emerging issues that highlight the need for better coordination between generation and transmission¹. Of the issues raised, those relating to system strength is gaining in significance in the market as new generators seek to connect to the transmission network. This gives rise to a need for broader consideration of ways to further facilitate collaboration between generators to optimise outcomes including system strength remediation.

As noted in the ENA proposal, there is currently a significant amount of generation seeking to connect to the network in the same location at similar times. Under current arrangements, potential connection applicants may be unaware of opportunities to collaborate and otherwise

¹ AEMC, Consultation Paper Transparency of New Projects, 18 April 2019, Box 3: The Need for Coordination, p.34

have limited access to information that would support more efficient commercial decisions. A key objective of the ENA proposal is to increase the transparency of connection information to facilitate opportunities for greater efficiencies and improved decision making. This is becoming increasingly important given the significant change occurring in the NEM and to support efficient outcomes for customers. The Consultation Paper highlights system strength as a specific example of the type of efficient arrangements that could occur between generators.

While Powerlink recognises that this Rule change is not directly aimed at resolving some of the current challenges in the market regarding system strength, it considers that the AEMC and other market bodies must turn their minds to considering broader system strength issues. In particular, whether minimum levels of system strength should form part of a prescribed service and how to access potential latent system strength capacity in the system with a view to minimising the level of investment required and whole of system costs.

Notwithstanding this, Powerlink considers that ENA's Rule change proposal will assist to facilitate greater coordination between generation and transmission. Powerlink supports ongoing and broader consideration of these issues through the 2019 Coordination of Generation and Transmission Investment Review and related consultations.

- 3. Greater transparency of information will support better decision making** – Powerlink agrees that transparency of information is a key requirement for the efficient operation of the NEM. Access to the latest available and reliable information by market participants can facilitate more efficient and better commercial, operational and planning decisions and ultimately lead to optimal outcomes that lower costs for consumers.

Powerlink considers improved transparency of information resulting from the Rule changes will provide opportunity for improved investment analysis and decisions by generators. This should lead to more efficient locational decisions that balance the quality of fuel resources (wind and solar) with other local factors such as available network capacity and the impact on marginal loss factors (MLFs). This is becoming increasingly important given the large number of generators connecting to the network and the resulting year on year fluctuations in MLFs.

From a planning perspective, the timing of the release of information proposed by the Rule changes and anticipated benefits of greater transparency of new generation projects also supports the objectives of related initiatives intended to improve planning decision making.

- 4. Non-commercially sensitive information** - Powerlink considers the ENA proposal and its proposed timing of publication of information including from connection enquiries strikes a better balance between maximising opportunities for cooperation between generators with commercial considerations and networks.

ENA proposes TNSPs publish basic connection information from a valid connection enquiry. The Consultation Paper seeks feedback on this proposed timing. In Powerlink's experience, basic connection information is already generally publicly available at the compliant connection enquiry stage. This is due to proponents having lodged development approvals and prior to that, having carried out early land acquisition and development approval preparatory activities as well as discussions with local government, government authorities, consultants and the community. While the information is publicly available and therefore accessible, there are significant

efficiencies to be gained and broader benefits to be realised from the information being made available by TNSPs who can assist to facilitate more efficient arrangements between generators.

As noted in ENA's Rule change proposal, TNSPs are receiving an unprecedented volume of generation connection enquiries, particularly in Queensland. Powerlink currently has 40 connection applications totalling 8314MW. As a result of increased connection activity and more recent changes to the Rules such as system strength remediation, Powerlink has received feedback from customers and other stakeholders indicating their support for greater transparency of information about activity in the NEM to help better inform commercial decisions and assist to facilitate more efficient outcomes².

Powerlink engaged with its Customer Panel on ENA's proposal and the proposed solutions. Various panel members indicated support for the proposal on the basis that it provided greater transparency to the market and flagged their intention to make a submission to the AEMC to that effect.

If you have any questions in relation to this submission, please contact Jennifer Harris.

Yours sincerely



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Chief Executive

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² Powerlink Transmission Network Forum, 2018