



Ms Anna Collyer
Chair
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Ms Collyer,

**RE: ERC0294 - CONNECTION TO DEDICATED CONNECTION ASSETS RULE CHANGE
DRAFT RULE DETERMINATION**

The Energy and Technical Regulation Division (the Division) of the Department for Energy and Mining thank you for the opportunity to make a submission on the Connection to dedicated connection assets rule change Draft Rule Determination.

As noted in the Division's submission to the consultation paper it supports clarifying those aspects of the National Electricity Rules (the Rules) that relate to dedicated connection assets (DCA). This would allow proponents and Network Service Providers (NSP) to more efficiently negotiate dedicated connection assets connection agreements, which was the intent of the original Transmission Connection and Planning Arrangements introduced in 2017.

The Division supported AEMO's proposal to have a separate transmission network connection point and metering installation for each individual proponent in an identified user group, located at the point where each facility connects to the dedicated connection asset. This approach would allow existing National Electricity Market (NEM) arrangements, such as registration, performance standards, settlement and Marginal Loss Factors (MLF) to be applied to individual proponents connected to the same DCA.

The Division notes that while the AEMC and the majority of stakeholders support the intent of the rule change request, there were concerns that AEMO's proposal would blur the boundary between network and connection assets and make it difficult to establish which party has responsibility for the transmission connection point on a DCA and who should have a contractual relationship with connecting parties.

The Division agrees with the AEMC's assessment of its 'strawman model' which would mean creating a new, parallel regime for power system security, which would significantly increase the complexity of the Rules and would impose significant new obligations on DCA service providers. The Division supports the decision not to progress with this model.

In relation to the model proposed in the Draft Rule Determination, the Division understands that to allow for the sharing of new parts of the transmission system funded by connecting parties, the AEMC's more preferable draft rule treats these as part of the transmission network and establishes 'designated network assets'. This provides for direct application of existing regulatory and market arrangements for metering, settlement, losses and performance standards to each connecting party. The Division supports application of these regulatory arrangements to connecting parties, as outlined in its submission to the previous consultation paper.

The Division notes that this model will reverse some of the reforms from the 2017 Transmission Connection and Planning rule change as the operation and maintenance of designated network assets would be undertaken by the relevant primary TNSP, as designated network assets would form part of its transmission network. As such, provision of these would not be fully contestable whereas the provision of large DCAs is fully contestable under the



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current framework. The Division considers the introduction of competition to provision of such assets was a significant benefit from the 2017 reforms, and while competitive provision of some aspects of designated network assets would be provided for, the Division asks that the AEMC consider again whether competition for operation and maintenance, as is currently the case for DCAs, should be permitted.

The Division notes and supports the AEMC's decision to maintain the 30km threshold between designated network assets and smaller DCAs and supports these remaining fully contestable.

Thank you for considering this submission. Should you wish to discuss this further please contact Mr Chris Leverington, Senior Policy Officer, Energy and Technical Regulation Division, on (08) 8429 3298.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Vince Duffy'.

Vince Duffy
Executive Director, Energy and Technical Regulation

22 March 2021

