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Ashok Kaniyal
Project leader
Australian Energy Market Commission

Lodged online

Dear Mr Kaniyal

Submission on the R1 reform

Enel Green Power Australia welcomes the opportunity to provide a submission on *Enhancing Investment Certainty in the R1 Process* consultation paper. As an active member of the Connection Reform Initiative, we support the proposed reform and recommend the AEMC to implement these changes as soon as possible.

QUESTION 1: Do you agree that the absence of NER obligations on parties to the R1 process is contributing to poor engagement and process delays?

We have not seen any material improvement despite the steps taken by AEMO as outlined in the paper.

Particularly, we noted there is a lack of standardised approach in engagement and process. AEMO, NSPs, and different teams within the same NSP may all have different requirements and focuses.

QUESTION 2: How do connecting parties currently manage uncertainty regarding timeframes for the R1 modelling package assessment and to what extent does public data (e.g. AEMO connection scorecards) assist?

We find it very challenging to manage uncertainty regarding R1 assessment.

AEMO connection scorecards only provide high-level guidance on each NSP. However, we have noted each team within NSP has different processing time and standard. The scorecard does not capture these differences.

Question 3: Does the existing process for renegotiating technical performance standards create barriers for enabling connecting parties to negotiate efficient system security and reliability outcomes?

Yes. The lengthy renegotiation process is a barrier for proponents to deploy new technologies which may benefit the electricity system.

One example is if the OEM upgrades the PSCAD/PSSE models during R1 process, we have to renegotiate the technical performance standards, which may take up to six months to remodel. The NER does not provide clear guidance on this scenario.

Another example is, some existing plants may have an old version of Power Plant Controller, which do not include up-to-date features, such as failure mode control. In other countries where Enel Green Power Australia operates (such as Chile), we can upgrade the Power Plant Controller without going through the full remodelling process. However in Australia we have to renegotiate technical performance standards.

QUESTION 4: Do you agree that there are problems with the way the R1 process seeks to resolve external system security issues?

Yes. We have been requested by NSPs to remodel our committed project, due to external changes such as load, transmission line and generators. This adds months to our connection process and will delay project delivery.

QUESTION 5: How material is the absence of an independent, external dispute resolution process for the efficient negotiation of technical performance parameters before registration approval?

It is fundamental for the trust in the system and accountability of all parties. With no independent external dispute resolution process, a party could always feel the system was unjust. In other countries (for example Chile), the system operator can request a change of parameters from the plant owner, for example (usually thermal power plants or older inverter-based renewables). If the plant owner believes their plant's lifetime would be seriously affected by those changes, a third party can check and provide their expert opinion to both parties. This approach has proven to save time and money, and is making the system more reliable.

In addition, the independent and external dispute resolution process will document and share these disputes and resolutions. This will provide guidance for connecting parties and system operator to improve their process and efficiency.

QUESTION 6: Would the proposed timelines provide sufficient certainty about the duration of the R1 model assessment phase?

This will be an improvement to the existing process.

QUESTION 7: Do you agree with the CEC's proposal for materiality guidelines, including whether they could appropriately define materiality thresholds for the categorisation of connection types?

We broadly support CEC's proposal. We note one unintended outcome is NSPs may spend a long time to agree on the materiality guidelines, delaying the connection process.

Nonetheless, CEC's proposal should be implemented as it improves the current process.

QUESTION 8: What are your views about the proposed pathway for each connection type, including the assignment of obligations and the allocation of costs and risks?

The proposed pathway will provide more certainty to project proponents.

QUESTION 9: What are your views about the CEC's proposal for dispute resolution?

We support the proposal to bring in a third-party facilitator.

QUESTION 10: Do you support the CEC's proposed model or do you prefer an alternative approach? Are there any modifications to the CEC proposals that you believe may improve it?

We support CEC's proposed model.

QUESTION 11: Do you agree with the proposed assessment criteria? Are there additional criteria that the commission should consider or criteria included here that are not relevant?

We support the proposed assessment criteria. In addition, we would like to propose a new criteria on “investment certainty”, so the process does not significantly delay project financing and construction.

Please do not hesitate to contact me if you have any question at chester.li@enel.com.

Yours faithfully

Chester Li
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About Enel Green Power

Enel is a multinational power company and a leading integrated player in the global power and renewables markets. At global level, it is the largest renewable private player, the foremost network operator by number of end users and the biggest retail operator by customer base. The Group is the worldwide demand response leader and the largest European utility by ordinary EBITDA[1]. Enel is present in 30 countries worldwide, producing energy with around 88 GW of total capacity.

Enel Green Power, within the Enel Group, develops and operates renewable energy plants worldwide and is present in Europe, the Americas, Africa, Asia and Oceania. A world leader in clean energy, with a total capacity of around 59 GW and a generation mix that includes wind, solar, geothermal, and hydroelectric power, as well as energy storage facilities, Enel Green Power is at the forefront of integrating innovative technologies into renewable energy plants.

Enel Green Power entered the Australian market in 2017 with the construction of one of Australia's largest solar plants, Bungala Solar Farm, located in South Australia. Our Australian operations now include three solar plants with a consolidated capacity of around 310 megawatts (MW). In 2022, Enel Green Power commenced construction of our first wind farm in Australia, with a capital investment of over $200 million and a 12-year power purchase agreement with BHP. In 2023, Enel Green Power is targeted to commence construction of a solar farm project in Victoria, with a capital investment of over $140 million. Furthermore, Enel Green Power has a significant pipeline of wind and solar projects under development across Australia. To learn more about Enel Green Power in Australia and our projects in the pipeline, please visit www.enelgreenpower.com/countries/oceania/australia.

[1] Enel's leadership in the different categories is defined by comparison with competitors' FY 2022 data. Publicly owned operators are not included.