28 September 2023

Australian Energy Market Commission

By email: submissions@aemc.gov.au

Dear Sir/ Madam

Re: Enhancing investment certainty in the R1 process Rule Change

ElectraNet welcomes the opportunity to comment on the 2023 rule change proposed around the R1 process.

ElectraNet shares the Clean Energy Council's (CEC) desire to improve and streamline the current R1 process. However, we reiterate that the technical requirements for connections are currently fit for purpose, meet system security and quality and remain a clear obligation of AEMO and the NSP to uphold. These obligations conflict with the CEC's members need to have fixed timeframes, higher certainty of connection approval and lower costs. As noted in the question responses, further refinement of the proposed will facilitate the quantification of risk and reward needed to support these changes.

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?

ElectraNet does not agree that the absence of NER Obligations is contributing to poor engagement or processing delays.

The current issues are more at the communications, engagement and expectations level set between the three parties engaged within the process, namely the NSP, Customer and AEMO. Adding obligations will not change engagement or expectation. Rather, it will likely increase processing delays across the 5.3.4 connections process as the same people that undertake the Generating Performance Settings Due Diligence also perform the R1 process.

ElectraNet recommends that an industry-based guideline detailing the process, general assessment function and engagement would be a better approach than NER obligations.

ElectraNet.com.au
A 52–55 East Terrace, Adelaide
P PO Box 7096, Adelaide, South Australia, 5000
T +61 8 8404 7966 or 1800 243 853 (Toll Free)
E enquiry@electranet.com.au

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?

ElectraNet does not have a position on this as it is based on the connecting party's knowledge and comfort with their R1 package.

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?

No, ElectraNet presently does not see any issues with the current process with minimal variation to the proposed designs experienced post the negotiation of the GPS DD with logical and engineering assessment being used for those changes proposed. While that assessment could trigger the alteration to the Generator Performance Standards (5.3.9) process this does not create barriers with the connecting party.

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

No. ElectraNet does not see an issue with the current process as it is well understood. While risks do exist, they are applied to all proponents without bias.

ElectraNet ensures that all likely connections and network-based augmentations are studied during the Full Impact Assessment stage so external system security risks are further mitigated for customers within SA.

Moving the external system security risk to the NSP (if it materialises) will only increase transmission costs to customer due to the need for network augmentation based on the continual connection of other customers across the network.

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?

To date, ElectraNet has not seen any need for itself or a proponent to pursue independent dispute resolution. We do not see this as a material issue.

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

Placing timing requirements within the R1 phase might improve the timeline during R1. However, it will only see impacts (cost or time) in other phases (R2 and GPS DD) as the resourcing base is not

increasing to ensure the proposed timelines are met across the whole influx of connections within a NSP's or AEMO jurisdiction.

Aligning the R1 phase with the Application to Connect phase has reasonable merit to improve the overall connections process. Additional thought in the application of timelines would be needed to ensure they are suitable for NSP's to appropriately review and resource.

ElectraNet disagrees on the requirement that the NSP is required to prove (onus shifted) issues and supports that this responsibility stay with the proponent.

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?

ElectraNet welcomes the proposal and supports the CEC's intent.

Further response and review are required based on the proposed details of the materiality thresholds, assessment process and the values for each category before we can form ascertain whether we support the proposed detail.

We urge the AEMC to be cautious about applying generic guidelines to define site specific impacts. This will increase risk that material impacts will be missed, customers opportunities limited and cost increases experience. In more severe cases system security could be impacted.

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?

Pathway 0 and 3 – ElectraNet has no issues with the proposal pending more detailed information on implementation.

Pathway 1 – Details on the materiality thresholds will need to be included in the 5.3.4 process to ensure that a full assessment has been created at the time of GSP DD. This will impact the current AEMO and NER clauses to ensure AAS or MAS are met even with the thresholds added.
A full understanding on this implementation would need to be supplied to ensure an informed response.

Pathway 2 – This risk is a known undertaking from proponent looking to enter the energy supply marketplace. Putting additional costs and resourcing implications to AEMO and the NSP is counter to the efforts of this streamlining process and cost reduction to customers.
The examples given by CEC are already covered via the RIT-T process and would not remove the responsibility of the generator to remediate their specific contribution.

Pathway 4 – ElectraNet does not support the shift of onus. The additional time and resources needed to provide proof are not justified.

As per the current process the onus and responsibility are on the connecting proponent to benchmark and justify performance variations. If material variation is not already picked up by the proponent's studies clarification is sort as to why these issues are not present to the proponent.

Expecting the NSP and AEMO to take on this responsibility, cost and time does not reflect the market benefits received by the proponent.

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

ElectraNet support the dispute resolution intent but require further details around how the dispute will be managed with concerns around frivolous claims and legalised challenges.

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?

ElectraNet supports the CEC's intent and welcomes the proposal. However, further details need to be defined as to ensure that the attribution of risk, time and costs are appropriate.

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?

ElectraNet does not see any issues with the approach proposed by the AEMC.

ElectraNet recommends that 2 in the assessment criteria be linked to the generation hosting limitation of a network to the emissions reductions target equation. This will align the network constraint as the industry moves closer to the current maximum generation supportable to the emissions reductions unless further system augmentation is undertaken.

General Comments:

CEC's use of Transmission Use of System (TUOS) charges as a cost transfer from CEC members supplying generation to those loads (general consumers, large manufacturing etc) seems counter to the overall premise of generators mitigating their issues while not paying for TOUS. A more equitable option needs to be posed by the CEC before ElectraNet would support such a cost transfer.

Yours sincerely

Lucas Millmore

Manager Network Connections