



# Resetting Powerlink's system strength unit prices

## The Commission has published a consultation paper on Powerlink's request for a one-off reset to its system strength unit prices (SSUPs)

Powerlink has submitted a rule change request to the AEMC proposing that it, as the system strength service provider (SSSP) for the Queensland region, be able to reset its SSUPs. This would reflect Powerlink's improved cost estimates for meeting system strength requirements – resulting in lower SSUPs more in line with other regions in the National Electricity Market (NEM).

The AEMC's consultation paper proposes an expedited process for Powerlink's rule change request and includes indicative drafting detailing how the proposal would work, to assist with the consultation process.

### What issue has Powerlink identified?

The SSUP is a component of the 'system strength charge' and is designed to reflect the system strength costs that a connecting party would impose on the system at each system strength node. SSUPs are set by SSSPs, and fixed (subject to consumer price indexation (CPI)) for a five-year 'system strength charging period'.

When Powerlink prepared SSUPs for Queensland's nodes in early 2023, it had not yet gone to market for proposals to meet required system strength levels over the next 10 years. Powerlink established SSUPs based on the most reasonable information available to it at the time. However, early indications from market testing show that system strength costs could be materially lower than those used to calculate Powerlink's published SSUPs.

Powerlink has stated that its SSUPs are, on average, higher than those published for other regions. Powerlink considers that allowing it to reset its SSUPs to incorporate new market information would bring Queensland's SSUPs more closely in line with those in other regions.

Powerlink has also indicated that IBR connections in Queensland could be delayed if SSUPs are not revised. This is because under current SSUPs, it is likely that participants will choose to self-remediate, which in turn is likely to add time to the connections process.

### The AEMC has opted to use the expedited rule change process

The AEMC has opted to use an expedited process, as requested by Powerlink, because we consider the rule change request is non-controversial, that is, it is unlikely to have a significant effect on the NEM. This is because:

- the rule change request focuses on resetting a component of the system strength charge to reflect new information that was not available to Powerlink when its SSUPs were first set.
- the system strength charging arrangements are part of a process that already exists in the NER.
- project proponents connecting IBR in Queensland will still be able to choose to self-remediate, should that be more efficient for them.
- lower SSUPs could signal for more connecting parties in Queensland to pay the system strength charge rather than self-remediate; this is unlikely to have adverse effects on participants or customers as this choice would only be made if it was the lower cost option.

The expedited process involves an eight-week rule change process with one round of consultation. Written objections to the expedited process must be lodged with the Commission by **5pm, 1 February 2024**.

### **The AEMC has prepared indicative drafting**

To facilitate the expedited process, the AEMC has prepared indicative drafting. The indicative drafting details how the proposed participant derogation would work, including that the reset SSUPs must be lower than Powerlink's current SSUPs, that Powerlink would need to publish the reset SSUPs by 15 March 2024, and that it would be required to apply the reset SSUPs from 1 July 2024.

### **Submissions are due by 15 February 2024**

The Commission welcomes stakeholder feedback on the consultation paper and indicative drafting.

Written submissions must be lodged with the Commission by **5pm, 15 February 2024**.

Objections to the expedited process are due by **5pm, 1 February 2024**.

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