



Part of Energy Queensland

18 April 2024

Ms Anna Collyer
Chair
Australian Energy Market Commission

Project Reference Code: ERC0363

Dear Ms Collyer,

National Electricity Amendment (Enhancing investment certainty in the R1 process) Rule 2024 – Draft rule determination

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex), both distribution network service providers (DNSPs) operating in Queensland, welcome the opportunity to provide comment to the Australian Energy Market Commission (AEMC) in response to its draft rule determination on the *National Electricity Amendment (Enhancing Investment Certainty in The R1 Process) Rule 2024*.

Ergon Energy and Energex provide the following feedback in response to the recommendations of the draft rule determination. This submission does not contain any confidential information.

Section 3.2 – The Commission recommends that AEMO produce or update guidelines to promote transparency and clarity in the R1 process

Ergon Energy and Energex support the AEMC's recommendation that the Australian Energy Market Operator (AEMO) should continue its work to update or produce new guidelines to provide greater transparency and certainty for parties involved in the R1 stage of the connections process.

Section 4.1 – The 'no less onerous' clause presents a barrier to pragmatic renegotiation of the GPS at the R1 stage

Broadly, we do not believe that an applicant should be able to renegotiate reduced performance standards from those set during the initial application phase unless there has been an error in either assumptions or study methodology. This applies particularly to inverter based systems but has broader applicability to other types of generators as well. In our experience, generators put in a lot of design work during the application phase and the renegotiation of performance standards only adds time and cost to the process. Renegotiation may also cause issues for future generators, as any new

generators have to consider existing (and committed) generators. If the committed generator changes its performance, this may cause a problem for the new generator (as they have to change what they're doing to accommodate), which may also add time and cost.

Irrespective of the AEMC's proposed rule change, Ergon Energy and Energex are of the view that network service providers and generator applicants would benefit from improved guidance around the renegotiation of generator performance standards as, in our experience, there may be uncertainty across the industry as to how the renegotiation process should be applied.

Section 4.3.3 - This change aligns with broader reform to technical requirements for connections

It is our view that grid-forming inverters should adhere to AEMO's Voluntary Specification for Grid-forming Inverters¹ (the specification) to ensure best practice, rather than aiming for the Minimum Access Standard. The specification was developed in a collaborative effort with stakeholders and specifies the 'core' technical capabilities that power electronic devices should have and, where possible, expected performance.

Ergon Energy and Energex submit that the specification is a better benchmark than the Minimum Access Standard to ensure ongoing system security and stability. Further, for the best outcome for network users, any grid-forming inverters should support network performance to the best of their technical capability.

Section 5.2.2 – NSPs and AEMO would be required to notify generator applicants when they have received an R1 application

Ergon Energy and Energex are agreeable to the proposed rule that would require AEMO and DNSPs to both provide written notification to generators when they have completed their R1 due diligence and are satisfied that the generator can meet its performance standards. However, given the complexity of the information that is submitted as part of the R1 assessment package, and the time required for the DNSP to properly assess compliance with performance standards, it is our view that a timeframe of ten business days for AEMO and DNSPs to provide a joint response would be more appropriate than the five business days proposed.

A ten business day turnaround time would align with existing timeframes in the NER for other applications received by DNSPs. For example, clause 5.3A.9(d), which allows DNSPs 10 business days to advise connection applicants of any deficiency in their application to connect.

It is our view that imposing a five business day turnaround timeframe would place an unnecessary time constraint on AEMO and DNSPs and increase the administrative burden on assessment teams, ultimately with little to no benefit to applicants in comparison to a ten business day timeframe.

In practice, DNSPs conduct an initial check of submitted information contained in an R1 application before sending on to AEMO. This is intended to reduce the time and effort both parties spend on assessment by reducing the need for double consideration of the

¹ Available [here](#).

same criteria. This ultimately aims to reduce assessment timeframes and reduce administrative costs for applicants.

Should the AEMC require additional information or wish to discuss any aspect of this submission, please contact either myself, or Mark Simpson on 0467 837 450.

Yours sincerely

A handwritten signature in blue ink that reads "Alena Christmas".

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