

17 April 2024



Kate Degen
Director
Australian Energy Market Commission
Via online portal
Ref: ERC0363

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Dear Kate

Ausgrid response to AEMC's Enhancing investment certainty in the R1 process – Draft Determination

Ausgrid is pleased to provide this submission to the Australian Energy Market Commission (**AEMC**) in response to its enhancing investment certainty in the R1 process Draft Determination (**Draft Determination**).

Ausgrid is a distribution system operator (**DSO**) which operates the shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,275 square kilometres throughout Sydney, the Central Coast and the Hunter.

DSO is an evolution of our role as a distribution network service provider (**DNSP**), marking a greater focus on the end-to-end energy system and facilitating active customer participation in markets to reduce costs for everyone. With more active customer and network energy resources connected to distribution networks, DSOs can dynamically manage and optimise network capacity. This allows DNSPs to support the clean energy transition at the lowest sustainable cost and support generation and customer energy resources (**CER**) to be connected to our networks at the distribution level.

Ausgrid notes the NSW Government's endorsement of the NSW Electricity Supply and Reliability Check Up Report's Recommendation 29 that distribution networks should take a greater part in the net zero transition by connecting renewable generation projects.¹ This recommendation acknowledges the broadening scope of interested stakeholders in R1 processes to include DNSPs to a greater extent than before.

Ausgrid supports Energy Networks Australia's submission to the Draft Determination and Essential Energy's submission to the Rule Change Initiation process. Ausgrid considers that the Draft Rule presents a good compromise that clarifies and moderately increases the obligations to improve application efficiency.

This includes:

- Ensuring that generators have the ability to request justification from network service providers and the Australian Energy Market Operator about any need for additional

¹ NSW Government (2023). Electricity Supply and Reliability Check Up: NSW Government Response. P13. https://www.energy.nsw.gov.au/sites/default/files/2023-09/Electricity_Supply_and_Reliability_CheckUp_NSW_Government_Response_September_2023.pdf/.

modelling, on the proviso that the generator has supplied a National Electricity Rules compliant application;

- Formalising R1 processes, and providing improved transparency, through timely notifications; and
- Relaxing Generator Performance Standard (**GPS**) renegotiation R1 requirements to enable pragmatic engineering judgement to apply to performance standards where the end result is immaterial.

Please contact Naomi Wynn, Regulatory Policy Manager at 0447 044 481 or naomi.wynn@ausgrid.com.au with any questions about Ausgrid's submission.

Regards,

A handwritten signature in blue ink, appearing to read 'Fiona McAnally'.

Fiona McAnally
Acting Head of Regulation