

Anna Collyer
Chair
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000
Lodged via <https://www.aemc.gov.au/contact-us/lodge-submission>

Melbourne, 18. April 2024

Dear Ms. Collyer,

Re: ERC0363: Enhancing investment certainty in the R1 process

Vestas welcomes the opportunity to provide our feedback on the AEMC's Draft Rule released on 7 March 2024 regarding the R1 process.

Vestas has a vision to become the global leader in sustainable energy solutions, and everything we do revolves around the development and deployment of sustainable energy solutions.

We would like to express our general support for the AEMC's revised problem statement: (1) the current process for changing the GPS is too onerous; (2) there is a lack of clarity about how negotiated access standard proposals are evaluated and what methodology should be applied for trading off costs and performance, as discussed on the working group meetings.

However, we understand that the proposed Draft Rule does not provide a suitable solution for the new problem statement, as described below.

The use of general terms such as '*as soon as practicable*' and '*within a reasonable period*' should be avoided in the NER because it leads to different interpretations and ambiguity among NSPs, AEMO and connection applicants, thereby increasing uncertainty on timelines, and costs.

It's paramount to develop clear definitions and timelines for NSPs and AEMO to discharge their responsibilities among this Rule Change, such as:

- NSPs and AEMO to complete their assessment;
- NSP to consult with AEMO after receiving the proposed negotiated access standard from the Connection Applicant;
- NSP and AEMO to request the Connection Applicant additional data and information; and
- NSP to provide written justification for rejecting an application, including a comprehensive justification along with the criteria used to assess it.

We support the need for greater transparency in the review process as it helps clarify the intent and rationale behind additional studies or information requested during connection application review. Written justifications should be an ongoing obligation for NSPs and AEMO, and not perceived as an additional or new requirement to apply to the R1 process.

The proposed Draft Rules brings unnecessary barriers for Connect Applicants to request justifications from NSPs and AEMO on why additional data and information should be provided to assess the capability of the generating system.

In addition, we suggest that the criteria for rejecting an application are developed by AEMO in consultation with the industry, and standardised to ensure that all applicants are treated alike irrespective of the region they are connecting in the NEM.

Finally, we believe that transparency and predictability on how NSPs and AEMO will proceed on the assessment of the R1 process are pivotal in reducing the level of uncertainty that generators face during the connection process, enabling a reliable and cost-effective integration of renewable energy into the network.

Please refer to the appendix for our feedback on the Draft Rule with the appropriate justification.

Should you wish to discuss any aspect of our comments, please contact Marco Aurelio Lenzi Castro via mlzto@vestas.com or 0488 152 925, or the undersigned.

Yours sincerely

Vestas - Australian Wind Technology Pty. Ltd.



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National Electricity Amendment (Enhancing investment certainty in the R1 process) Rule 2024		
Chapter 2 - Registered Participants and Registration		
AEMC's Proposal	Vestas' Proposal	Justification
<p>2.2.1 Registration as a Generator</p> <p>.....</p> <p>(e) To be eligible for registration as a Generator, a person must:</p> <p>(1) obtain the approval of AEMO to classify each of the generating units that form part of the generating system that the person owns, operates or controls, or from which it otherwise sources electricity, as:</p> <p>(i) a scheduled generating unit;</p> <p>(ii) a semi-scheduled generating unit; or</p> <p>(iii) a non-scheduled generating unit;</p> <p>(2) classify the generating units in accordance with AEMO's approval as referred to in subparagraph (1);</p> <p>(2A) if a generating unit is classified as a scheduled generating unit or a semi-scheduled generating unit in accordance with subparagraph (1):</p> <p>(i) notify AEMO of the year in which the Generator expects the generating unit to cease supplying electricity to the transmission network or distribution network at its connection point (expected closure year); and</p> <p>(ii) immediately notify AEMO of any change to the expected closure year; and</p> <p>(3) satisfy AEMO obtain a notice under clause 5.3.7A(g) that AEMO is satisfied that each generating system will be capable of meeting or exceeding its performance standards.</p> <p>.....</p>	<p>No comments</p>	



National Electricity Amendment (Calculation of system strength quantity) Rule 2024		
Chapter 5 - Network Connection Access, Planning and Expansion		
AEMC's Proposal	Vestas' Proposal	Justification
<p>5.3.4A Negotiated access standards</p> <p>(a) AEMO must advise on AEMO advisory matters.</p> <p>(b) A negotiated access standard must:</p> <p>(1) subject to subparagraph (1A), be no less onerous than the corresponding minimum access standard provided by the Network Service Provider under clauses 5.3.3(b1)(4) or S5.4B(b)(2);</p> <p>(1A) with respect to a submission by a Generator under clause 5.3.9(b)(3), or a Network User or Market Network Service Provider under clause 5.3.12(b)(3), be:</p> <p>(i) if the performance standard for that technical requirement is at or above the minimum access standard and the submission seeks to reduce that performance standard, as close as practicable to (unless otherwise agreed by the relevant Network Service Provider and AEMO); or</p> <p>(ii) if the performance standard for that technical requirement is below the minimum access standard, no less onerous than, the performance standard that corresponds to the technical requirement that is affected by the alteration to the generating system or plant (as applicable);</p> <p>(2) be set at a level that will not adversely affect power system security;</p> <p>(3) be set at a level that will not adversely affect the quality of supply for other Network Users; and</p>	<p>Delete clause 5.3.4A(b)(1A).</p>	<p>Clauses 5.3.4A(b)(2), 5.3.4A(b)(3) and 5.3.4A(b)(4) already state that the negotiated access standard must not affect the power system security and the quality of supply for other network user and that generators must meet the Schedule 5.2 requirements.</p> <p>Therefore, deleting clause 5.3.4A(b)(1A) would reduce the economic impact on the projects and, ultimately, for end consumers as well, without compromising the security and reliability of the NEM.</p>

<p>(4) in respect of generating plant, meet the requirements applicable to a negotiated access standard in Schedule 5.2.</p>		
<p>c) Following the receipt of a proposed negotiated access standard under clauses 5.3.4(e), 5.3A.9(f), 5.3.9(b)(3), 5.3.12(b)(3) or subparagraph (h)(3), the Network Service Provider must consult with AEMO as soon as practicable in relation to AEMO advisory matters for that proposed standard.</p> <p>Note This paragraph is classified as a tier 2 civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)</p>	<p>c) Within 5 business days following the receipt of a proposed negotiated access standard under clauses 5.3.4(e), 5.3A.9(f), 5.3.9(b)(3), 5.3.12(b)(3) or subparagraph (h)(3), the Network Service Provider must consult with AEMO in relation to AEMO advisory matters for that proposed standard.</p>	<p>It's important to establish a clear deadline for NSP to consult with AEMO after receiving the proposed negotiated access standard from the Connection Applicant. The use of general terms such as 'as soon as practicable' should be avoided in the NER because it leads to different interpretations and ambiguity among NSPs, AEMO and connection applicants, increasing uncertainty and costs.</p>
<p><u>5.3.7A Satisfaction of capability to meet or exceed performance standards</u></p> <p><u>(a) Following execution of the connection agreement, the Connection Applicant may provide the Network Service Provider and AEMO with data and information demonstrating the capability of a generating system, and request that the Network Service Provider and AEMO assess the capability of the generating system to meet or exceed its performance standards.</u></p>	<p>No comments</p>	
<p><u>(b) Within 5 business days after receiving a request under paragraph (a), the Network Service Provider and AEMO must each provide the Connection Applicant with written acknowledgment of receipt of the request, and in the case of AEMO, confirming that it will commence its assessment for the purposes of clause 2.2.1(e)(3).</u></p>	<p>Add new subparagraph.</p> <p>(b1) The document mentioned in paragraph (b) must include a deadline for the Network Service Provider and AEMO to complete the assessment of the capability of the generating system to meet or exceed its performance standards.</p>	<p>It is crucial to establish in the NER that NSPs and AEMO must provide a deadline or at least an expected timeline to complete their assessment to the Connection Applicant, along with the written information acknowledging the receipt of request, because just coding when the R1 stage starts and a notification when the process finishes does not reduce the uncertainty for generators. Actually, such proposal, without any further improvement, does not add much value to the current process. Transparency and predictability on how NSPs and AEMO will proceed are pivotal in reaching the objective of this rule change.</p>
<p><u>(c) Following receipt of a request under paragraph (a), the Network Service Provider or</u></p>	<p>(c) Within 10 business days after receiving a request under paragraph (a), the Network Service</p>	<p>It's important to establish a clear deadline for NSP and AEMO to request the Connection Applicant</p>

<p><u>AEMO may request that the Connection Applicant prepare and provide additional data and information to enable it to assess the capability of the Connection Applicant's generating system.</u></p>	<p>Provider or AEMO may request that the Connection Applicant prepare and provide additional data and information to enable it to assess the capability of the Connection Applicant's generating system.</p>	<p>all additional data and information needed at once, to reduce the risks associated with the duration of the R1 assessment stage.</p>
<p><u>(d) If the Connection Applicant has:</u> <u>(1) provided to the Network Service Provider and AEMO adequate data and information to enable the assessment of the capability of the generating system to meet or exceed its performance standards;</u> <u>(2) where the Connection Applicant has submitted a proposal for a negotiated access standard in accordance with clause 5.3.4A(b1), provided to the Network Service Provider and AEMO reasons and evidence for the proposed negotiated access standard in accordance with clause 5.3.4A(b2); and</u> <u>(3) otherwise complied with its obligations under rules 5.2A, 5.3 and 5.3A to provide data and information to the Network Service Provider and AEMO, then, the Connection Applicant may request that the Network Service Provider or AEMO provide reasons for its request under paragraph (c) by reference to relevant requirements of schedule 5.2, 5.3 or 5.3a.</u></p>	<p>(d) The Connection Applicant may request that the Network Service Provider or AEMO provide reasons for its request under paragraph (c) by reference to relevant requirements of schedule 5.2, 5.3 or 5.3a.</p>	<p>We support the need for greater transparency in the review process as it helps clarify the intent and rationale behind additional studies or information requested during connection application review. Written justifications should be an ongoing obligation for NSPs and AEMO, and not perceived as an additional/new requirement to apply to the R1 process. However, Connection Applicants should not be prevented to request those justifications, because the current proposal put unnecessary barriers for them to have access to such information and provide unreasonable protection for NSPs and AEMO. Therefore, our suggestion aims to remove the barriers and allow a clear and transparent process. The use of general terms such as '<i>adequate data and information</i>' should be avoided in the NER.</p>
<p><u>(e) Within a reasonable period after the Connection Applicant's request to the Network Service Provider under paragraph (d), the Network Service Provider must provide the Connection Applicant with:</u> <u>(1) if the Network Service Provider reasonably considers that the Connection Applicant has not complied with paragraph (d), then details of the non-compliance; and</u> <u>(2) otherwise, written reasons for its request under paragraph (c) in accordance with paragraph (d). Note The AEMC intends that this paragraph will be classified as a tier 2 civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of</u></p>	<p>(e) Within 10 business days after the Connection Applicant's request to the Network Service Provider under paragraph (d), the Network Service Provider must provide the Connection Applicant a written response with a clear and comprehensive justification for rejecting that request, including the criteria used to assess it.</p>	<p>It's important to establish a clear deadline for NSP to provide written justification for rejecting the application. The use of general terms such as '<i>within a reasonable period</i>' or '<i>as soon as practicable</i>' should be avoided in the NER because they do not reduce the level of uncertainty for generators, and do not increase the transparency and predictability for the R1 process. In addition, the framework for the response time must be clear on the acceptance/reject criteria. The NSP and AEMO must be transparent on the reasons for rejecting an application. We suggest that the criteria for rejecting an application are developed by AEMO in consultation with the</p>

<p><u>the National Electricity (South Australia) Regulations.)</u></p>		<p>industry, and standardised to ensure that all applicants are treated alike irrespective of the region they are connecting in the NEM.</p>
<p><u>(f) Within a reasonable period after the Connection Applicant's request to AEMO under paragraph (d), AEMO must provide the Connection Applicant with: (1) if AEMO reasonably considers that the Connection Applicant has not complied with paragraph (d), details of the non-compliance; and (2) otherwise, written reasons for its request under paragraph (c) in accordance with paragraph (d).</u></p>	<p>(f) Within 10 business days after the Connection Applicant's request to AEMO under paragraph (d), AEMO must provide the Connection Applicant a written response with a comprehensive technical justification for rejecting that request, including the criteria used to assess it.</p>	<p>It's important to establish a clear deadline for NSP to provide written justification for rejecting the application. The use of general terms such as '<i>within a reasonable period</i>' or '<i>as soon as practicable</i>' should be avoided in the NER because they do not reduce the level of uncertainty for generators, and do not increase the transparency and predictability for the R1 process.</p> <p>In addition, the framework for the response time must be clear on the acceptance/reject criteria. The NSP and AEMO must be transparent on the reasons for rejecting an application. We suggest that the criteria for rejecting an application are developed by AEMO in consultation with the industry, and standardised to ensure that all applicants are treated alike irrespective of the region they are connecting in the NEM.</p>
<p><u>(g) Within 5 business days after completing the assessment of the capability of the generating system to meet or exceed its performance standards, the Network Service Provider and AEMO must jointly notify the Connection Applicant in writing that the assessment has been completed and whether they are satisfied with the outcome of the assessment, including for the purposes of clause 2.2.1(e)(3).</u></p>	<p>No comments</p>	
<p>(b) The data and information to be provided under this rule 5.3 may be shared between a Network Service Provider and AEMO for the purpose of enabling:</p> <ul style="list-style-type: none"> (1) the Network Service Provider to advise AEMO of ancillary services ; and (2) either party to: <ul style="list-style-type: none"> (i) assess the effect of a proposed facility or proposed alteration to generating plant (as the case may be) on: (A) the performance of the 	<p>No comments</p>	



<p>power system; or (B) another proposed facility or another proposed alteration;</p> <p>(ii) assess proposed negotiated access standards;</p> <p>(iii) determine the extent of any required augmentation or extension or system strength connection works; or</p> <p>(iv) assess system strength remediation scheme proposals; <u>or</u></p> <p><u>(v) assess the capability of a generating system to meet or exceed its performance standards.</u></p>		
<p><u>(e1) If a Connection Applicant becomes aware of any material change to any data or information provided to the Network Service Provider or AEMO to enable the assessment of the capability of a generating system to meet or exceed its performance standards under clause 5.3.7A, that Connection Applicant must promptly notify the Network Service Provider or AEMO of that change.</u></p>	<p>No comments</p>	