

Ref: 20250206AY:HP

05 February 2025

Achint Jain
Australian Energy Market Commission
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Essential Energy response to consultation on draft rule determination for Improving the NEM access standards – Package 1 (ERC0393)

Dear Mr Jain

Essential Energy welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) draft rule determination (fast tracked) *National Electricity Amendment (Improving the NEM access standards – Package 1) Rule 2025 (draft rule)*. We support the overall intention of the draft rule to improve consistency and understanding of technical requirements for connections to the National Electricity Market (NEM) and helping to accelerate the connections process under the National Electricity Rules (NER).

As outlined in the draft determination, the Australian Energy Market Operator (AEMO), undertook an extensive consultation process which led to recommendations made in its *2023 Review of Technical Requirements for Connection (AEMO Review)*. Essential Energy was a participant in this process and was broadly supportive of its outcomes.¹

However, Essential Energy is concerned about the fast tracked process and transition time. Essential Energy supports further consultation on the proposed rule change to fully understand the impacts on generating systems and Network Service Providers (NSP).

Further investigation and consultation with industry is needed

Essential Energy believes that the following issues warrant further consultation, which will not be facilitated by the fast tracked process:

- ▶ The correlation between the draft rule² and the draft determination³ is unclear, whereby the proposed changes to the NER are extensive and necessitate further industry engagement on their impact and to identify any potential unintended consequences for customer connections.
- ▶ The proposed obligation to develop a performance standard for NSP-owned assets and equipment should only apply to new equipment. Developing a performance standard for a large portion of

¹ [AEMO | AEMO review of technical requirements for connection \(NER clause 5.2.6A\)](#)

² [Draft rule Improving the NEM access standards - Package 1](#)

³ [Draft determination Improving the NEM access standards - Package 1](#)

Essential Energy's existing assets operating in the network would be subject to a robust cost benefit analysis as these assets are not negatively impacting on NEM operations.

- ▶ The rationale behind changes included in Schedule 5.1.4A, with the new NSP obligation for slow front overvoltage, requires further explanation and consultation.
- ▶ Changes to the load connection requirements requires further coverage and explanation in the draft rule, particularly to clarify NSP requirements and expectations regarding treatment of the size of the registered load.
- ▶ Generation system connections will be significantly impacted particularly through proposed changes to Schedule 5.2.5.1, the network voltages are constantly changing, and the voltage mid-point is subject to change where it will require an update in the generator performance standards through the Clause 5.3.9 process.
- ▶ Load connections will be significantly impacted, whereby
 - › The classification of load plant, specifically how 'large load' is determined, is not transparent. We consider the definition of 'large load' requires further investigation and consultation with industry.
 - › The draft rule classifies all load projects over 5MW as Schedule 5.3 plants, regardless of market participation intentions. Essential Energy supports the draft rule's inclusion of S.5.3.1a (a1)(2), which allows NSPs to determine Schedule 5.3 applicability, noting the NSPs' power is limited to a simple yes/no decision, without more nuanced options.
 - › The development of a load connection under Schedule 5.3 will be costly and time consuming. Essential Energy's preference for the non-registered load is to select applicable items from Schedule 5.3, based on the load type, size and point of connection. This would minimise the time and cost spent to ensure the smooth and efficient connection process for non-registered loads while confirming the security of the grid.
- ▶ Essential Energy is concerned with the penalties outlined in Appendix C.5 and their appropriateness in being applied to NSPs, particularly in the instance where NSPs may be adhering to negotiated processes between the NSPs and connecting parties, which are consulted on with AEMO.

Transition time to implement proposed changes needs to be sufficient

Given the complexity and significance of the changes proposed under the draft rule, Essential Energy supports an extension of the transition time for implementation. Specifically:

- ▶ Where the proposed obligation to develop a performance standard for all NSP-owned assets and equipment will take substantial time to create suitable methodologies for compliance and apply those performance standards to assets over time.
- ▶ Essential Energy is supportive of the proposed changes to Schedule 5.2.5.5 and Schedule 5.2.5.5A, however, the proposed changes are extensive. Market participants will need more time to adapt, as the methodology requires significant modification to demonstrate compliance with Schedule 5.2.

As a result, Essential Energy recommends that further time is permitted, through the implementation of a standard rule change consultation process, to foster meaningful industry engagement and consultation on the potential impacts of the proposed draft rule. Additionally, Essential Energy recommends the commencement date of the rule change and transitional period are both extended to enable the industry to adapt to the proposed changes efficiently.



We look forward to participating in the consultation process to achieve fit-for-purpose outcomes as per the recommendations made in the AEMO Review. If you have any questions in relation to this submission please contact me on [REDACTED] or via email at hilary.priest@essentialenergy.com.au or Hadi Lomei, Commercial Connections and Compliance Senior Specialist – Network Connections on [REDACTED] or via email at hadi.lomei@essentialenergy.com.au.

Yours sincerely,



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Head of Regulatory Affairs