

Our Ref: C2008/1673
Your Ref: ERC0089

12 June 2009

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Dr Tamblyn

RE: Confidentiality provisions for electricity network connections

(AEMC reference ERC0089)

The Australian Energy Regulator (AER) welcomes the opportunity to respond to Grid Australia's rule change proposal regarding the confidentiality provisions for network connections in clause 5.3.8 of the National Electricity Rules ('Electricity Rules').

The AER monitors the National Electricity Market (NEM) and is responsible for compliance with and enforcement of the Electricity Rules and National Gas Rules. The AER is also responsible for the economic regulation of electricity transmission and distribution services as well as gas transportation services. These roles leave the AER well placed to comment on the proposed rule change.

As noted in the AER's previous submission to the AEMC's climate change review, publishing details of connection applications would improve efficiency in the network planning process. It would also create transparency for all applicants considering connecting to the transmission network and allow connection applicants to arrange joint processing of their applications. The AER also considers that greater transparency will assist the Australian Energy Market Operator with its national transmission planning function.

The AER therefore broadly supports Grid Australia's proposal for Network Service Providers (NSPs) to disclose information provided by connection applicants regarding their intention to

connect to a network service. This rule change has the potential to improve market outcomes by creating greater transparency and efficiency in the network planning process.

The AER believes, however, that minor amendments are required to the rule change proposal if these benefits are to be achieved.

The proposed rule change appears to apply to both customer and generator connections. The AER notes that this rule change has arisen in the context of the climate change review. In that review interested parties have raised concerns that the confidentiality provisions in the rules may be creating a barrier to TNSPs and generators coordinating multiple connection applications. Given this, the AER has not considered whether the disclosure of connection application information should be extended to customer connections and the comments in this submission are focussed on applying the proposed rule change to registered generating units.

This rule change proposal provides NSPs with an option to disclose the details of connection applications. Clearly the benefits from publishing details of connection applications only arise to the extent that NSPs exercise their option to publish these details. The AER proposes that the rule change should be amended to *require* NSPs to publish the details of connection applications. Providing NSPs with an option to disclose information may not only mean that the benefits of the proposed rule change are not realised, but also may also create inconsistencies between NSPs.

The AER also considers that consistency of approach between NSPs would also be promoted by specifying the types of connection information required to be published. Information published by NSPs should include:

- the applicant's name
- the expected completion date for the project
- the specific location of the proposed project and
- whether the connecting generator is scheduled or semi-scheduled, the primary technology and the proposed capacity.

The AER considers it unlikely that there will be any commercial sensitivity surrounding this information. The applicant would have sought town planning and environmental approvals for the project and the intentions of the connecting applicant are likely to have been made known through the State of Opportunities process for the purpose of the reserve assessments.

These processes are likely to place a significant amount of information in the public domain regarding the project before the connection application is submitted. In view of this, a mandatory requirement on NSPs to publish the details of connection applications will be unlikely to have an adverse impact on the market.

Given the comments outlined above, the AER proposes the following alternative drafting for clause 5.3.8 (c1):

(c1) Where a *Network Service Provider* receives an *application to connect* from a *generator* registered under clause 2.9.2 (or a person intending to apply for registration under clause 2.9.1), the *Network Service Provider* must *publish* the following information:

- (1) the name of the *connection applicant*
- (2) the size and location of the proposed *generating unit* to be *connected*
- (3) the expected completion date for the *network connection*
- (4) the primary technology of the proposed *generating unit* (eg gas, coal fired, or wind turbine) and
- (5) broad function of the proposed *generating unit* to be connected (eg base load generator or peaking generator)

Please contact me if you have any queries in regard to any of the matters raised in this letter.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tom Leuner', with a long horizontal flourish extending to the right.

Tom Leuner
General Manager
Markets

