



Final determination on generator registrations and connections

Final determination and rule published

The Australian Energy Market Commission (AEMC) has made a more preferable rule to improve the transparency of the Australian Energy Market Operator's (AEMO's) processes and decisions related to registrations, classification and exemption. The Commission's final decision is to maintain the current threshold for scheduling at 30MW.

The Commission's final rule

The Commission has made a more preferable final rule which addresses the concerns raised by the rule change proponents, the Australian Energy Council and Mr Damien Vermeer, and stakeholders. The Commission's final determination is to:

- retain the current threshold for classifying generating units as scheduled or semi-scheduled
- alter and clarify non-scheduled generating unit classification conditions
- clarify the connection process and application of performance standards
- increase transparency requirements around AEMO's processes and decision-making on registration, classification and exemption.

Retaining the current thresholds

The Commission has decided to retain the generator scheduling threshold at 30MW nameplate capacity for the following reasons:

- the Commission found no evidence that generators sized between 5 and 30MW are causing inaccuracies in forecasting or scheduling to warrant a blanket change to the threshold
- AEMO has the power to impose central dispatch obligations on non-scheduled generators if necessary
- based on advice from GHD, the cost of scheduling for smaller generators would be significant, likely about \$1.3-1.8 million once-off and \$0.15-0.55 million per year in direct costs alone
- the ESB's "scheduled-lite" work program will deal with the challenge of increasing participation from participants that are currently non-scheduled in a more holistic way.

For these reasons the Commission considers that the costs of the proposed change outweigh the benefits at this stage.

Alteration and clarification of non-scheduled generating unit classification conditions

The Commission has made a final rule to remove the "local use" exemption in clause 2.2.3(b)(1) of the Rules, which requires AEMO to approve the classification of a generating unit as non-scheduled if they rarely send out generation above 30MW beyond the connection point (i.e. the generator's primary purpose is local use). The Commission does not consider that the purpose of a generating unit is a relevant consideration when assessing whether it should be scheduled. Such an arrangement could have a material adverse impact on system security if the generating unit did unexpectedly send out more than 30MW of generation into the system.

The Commission has also made a final rule to clarify AEMO's existing practice of applying the 30MW threshold to groups of generators behind a common connection point, not individual units.

Transitional arrangements included in the final more preferable rule will ensure that all generating units that are currently classified as non-scheduled will remain classified as such under the new rules on the same terms and conditions as they are presently (if any).

Clarifying the connection process and application of performance standards

The Commission has made minor amendments to clarify the connection process and application of performance standards for those generators. The Commission does not consider that the proposed conditional exemption from registration for embedded 5-30MW generators will facilitate more efficient connection or provide more certainty. It risks creating an inefficient two-stage registration process and does not provide certainty to project proponents as there is no guarantee that the conditional exemption will be converted to an ongoing exemption.

Increased transparency requirements around AEMO's processes and decision-making

The Commission has made a more preferable final rule that requires AEMO to publish and maintain a registration information resource and guideline regarding the processes for registration, classification and exemption under Chapter 2 of the National Electricity Rules, and the matters AEMO may or will take into account when assessing such applications. AEMO will be required to consult on changes to the registration information resource and guideline (unless they are minor or administrative) that relate to exemptions from the requirement to register as a generator, the classification of generating units as non-scheduled and the information to be contained in energy conversion models. This will provide improved clarity and certainty on these matters for participants. It will also improve participants' understanding of and engagement with AEMO's processes as they will be provided with the opportunity to give input during the consultation stages.

The ESB's reform agenda is the first step to address the issues raised by the AEC

The Commission recognises that market trends might lead to smaller scale assets causing operational issues in dispatch and forecasting processes in the future. The ESB's Post 2025 market design 'scheduled lite' work program is a potential way to address the issues raised by the Australian Energy Council in its rule change request. On 1 October 2021, National Cabinet endorsed the ESB's post-2025 market reforms including its plan to increase demand-side participation in the national electricity market and improve the integration of distributed energy resources (DER).

The purpose of the scheduled lite work program is to develop a voluntary mechanism which incentivises resources that are currently not scheduled in the market. This includes generators sized between 5 and 30 MW, and demand side resources such as commercial and industrial loads and aggregations of DER. This work program intends to improve the accuracy of AEMO's dispatch and forecasting process by increasing the range of resources on the demand and supply side of the market which are used as direct inputs into it.

For information contact:

Senior Adviser, **Rebecca Lawrence** (02) 8296 7871

Director, **Kate Wild** (02) 8296 0622

Media enquiries: media@aemc.gov.au

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