



3 April 2020

John Pierce  
Chairman  
Australian Energy Market Commission

Lodged online: [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Mr Pierce,

### **AEMC: CONNECTION TO DEDICATED CONNECTION ASSETS – CONSULTATION PAPER**

Origin Energy Limited (Origin) welcomes the opportunity to provide comments to the AEMC on the connection to dedicated connection assets (DCA) consultation paper.

Our key points are:

- The AEMC should align this rule change with the broader work program on renewable energy zones (REZs) being undertaken by the ESB to ensure holistic and optimal solutions are put in place.
- While we understand AEMO's concerns regarding the complexity of calculations for a single connection point, the solution should not come at the expense of the rights and ownership structure of a DCA. The DCA should not form part of the shared network – to the extent that a solution would undermine this, then we would not support it.
- If multiple connection points are introduced, the AEMC should grandfather the current framework for existing DCAs and consider limiting any new framework to priority REZs that the ESB is looking to implement.
- More broadly, we consider that the DCA framework provides flexibility for innovative agreements to be in place if parties choose to share connection assets. In our view, the existing framework does not fail to facilitate the sharing of connection assets and it is not clear how the proposal would provide a better outcome.

### **The facilitation of REZs is best addressed through a broader work program**

The AEMC notes that AEMO's rule change proposal may assist the potential development of REZs, which could take the form of a cluster of generators connected to the shared transmission network via a shared connection asset such as a DCA.

We understand that this rule change is therefore likely to interact with the work the ESB is undertaking on REZs. At its March 2020 meeting, the COAG Energy Council requested that rule changes be prepared by the ESB to support the development of REZs.

Our preference is for the issues raised in this rule change to be considered as part of the ESB's work program on REZs. However, given that the AEMC has already commenced this rule change, we consider that it should be clearly coordinated with the ESB's work on REZs, for example, by streamlining timelines and decisions across each work program.

In our view, it would be more efficient to consider any changes to connection assets required to facilitate REZs in the context of a broader review or work program. This would enable a clearer articulation of what the problems and barriers are. For example, if coordination of generation and transmission investment is the core barrier to REZs, then facilitating the sharing of connection assets alone will not help, without coordinated action to augment the shared network. Assessing the two aspects (shared network and connection assets) separately may therefore lead to sub-optimal outcomes.

## **DCAs should remain separate from the shared transmission network**

We understand that AEMO's primary concerns relate to the lack of multiple connection points within a DCA, which makes calculating and setting some metrics (such as performance standards) complex. However, it is not clear how introducing multiple connection points would work in practice, e.g. with respect to how curtailment occurs. The broader implications of introducing "transmission network connection points" within a DCA are also unclear – our understanding is that these points only apply to the shared network currently. The AEMC should provide more detail on how this would work in practice if it chooses to introduce multiple connection points.

The ownership and rights of the DCA owner should be maintained if multiple connection points are introduced to address AEMO's concerns. As a general principle, it is important that the DCA framework remains separate from the shared network. To the extent that the solution undermines this principle, we would not support it.

In addition, to minimise disruption to those that have already invested in connection assets, the AEMC should grandfather the current framework for existing DCAs if it chooses to introduce multiple connection points. It should also consider limiting any new framework to the priority REZs that the ESB is looking to implement. This, as mentioned, would be best achieved through the ESB work program on REZs.

## **The existing DCA framework can facilitate the shared of connection assets**

It is not clear to us how the current framework is deficient in terms of allowing and facilitating multiple parties wishing to connect to a DCA. We understand that the main issue with collaboration relates to the need to oversize assets in some situations – which is not addressed by this rule change.

The current framework provides for an access regime policy for large DCAs with potential parties wishing to connect able to engage with the DCA owner to negotiate mutually-acceptable terms and conditions. There is enough flexibility in this to allow for innovative agreements to be in place if parties choose to do so. As a result, it is not clear how AEMO's proposal would improve collaboration.

Should you have any questions or wish to discuss this submission further, please contact Sarah-Jane Derby at Sarah-Jane.Derby@originenergy.com.au or by phone, on (02) 8345 5101.

Yours sincerely



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