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Date: 19 August 2021

Anna Collyer  
Chair  
AEMC  
GPO BOX 2603  
SYDNEY  
NSW  
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Dear Anna,

**RE: ERC0256 – DRAFT Determination “Generator registrations and connections”.**

Sun Metals Corporation Pty Ltd (“SMC”) is an actively engaged party in the wholesale energy market as a mechanism to manage one of its major input costs – electricity. SMC’s primary purpose is value adding through the refining of commodities into saleable materials to domestic and export markets.

It is a major employer in the North Queensland region and is of material significance to GRP of North Queensland, and a valued contributor to national GDP. SMC uses global leading zinc processing technology developed by its parent company and applied in only two refineries in the world.

SMC is the second largest single site electricity load in the Queensland system and has recently invested heavily in behind the meter renewable generation, co-located with its refinery in Townsville. SMC is committed to ongoing investment in its core business for its own benefit, and the benefit of the communities within which it operates. Part of SMC’s success is a mature focus on environmental and social issues which it delivers through economic resilience, and a well published commitment to fully offset the carbon emissions from its refining operations by 2040.

SMC is very supportive of the critical and difficult role of the AEMC and AEMO in the transition of the electricity system. SMC has been an active participant in the NEM and is conscious of the need for the Rules and the AEMO application of the Rules to facilitate appropriate participation consistent with the NEO. This principle will lead to more and more bespoke outcomes for market participants and SMC comments in relation to this draft determination are based on the need to recognise that the primary purpose of a site / facility should inform how the Rules and AEMO classify different market participants.

SMC wishes to have on record its position on the draft determination referenced above. These are set out in the table that follows for ease of reference.

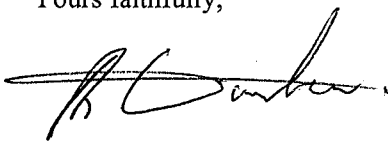
<b>Draft Determination Proposed</b>	<b>SMC Response</b>
<p><b>Registration classification and exemption guideline</b>            The rule requires AEMO to develop, maintain and publish guidelines for registration, classification and exemption processes conducted by AEMO under Chapter 2 of the Rules (Registration guidelines).</p>	<p>SMC is generally supportive of an approach which makes the AMEO decision process more transparent, and that provides more certainty to market participants, as long as AEMO applies the guidelines in a predictable way.</p> <p>SMC would expect that the existing dispute resolution procedures set out in NER Rule 8.2 will continue to cover disputes between AEMO and connecting applicants in regard to the application of these new guidelines.</p> <p>SMC also sees value in the development of principles to guide the way the AEMO makes decisions under the NER, and these should be a reflection of the NEO.</p> <p>It is also desirable that there be an independent arbiter available to ensure that the guidelines, rules and any principles are observed in AEMO's determinations.</p> <p>It also the case in most other regulatory/quasi regulatory frameworks, that there is a means of appeal in certain circumstances.</p> <p>SMC would also support a position whereby determinations by AEMO can be shared for broader benefit of all parties to the wholesale market. Where confidentiality doesn't permit this redaction of specific information can be made to ensure that impacted parties can learn from it.</p>
<p><b>Non-scheduled generator registration</b>            Amends clause 2.2.3(a) of the Rules to clarify that groups of generating units behind a common connection point with a combined nameplate capacity of 30 MW or greater will not be eligible to classify as non-scheduled, unless they meet the requirements in clause 2.2.3(b) of the Rules.            Removes clause 2.2.3(b)(1) of the Rules.</p>	<p>SMC developed the largest integrated load and generation site in the NEM. The purpose is to optimise the cost and carbon characteristics of the SMC processing operations. The SMC is not primarily a market service provider it is an energy user for value adding manufacture.</p> <p>SMC has previously relied on this rule to achieve a non-scheduled classification determination by AEMO because scheduled</p>

<p>This clause currently requires AEMO to approve a generating unit's classification as non-scheduled if it is satisfied that the primary purpose of the generating unit is local use and the aggregate sent out generation rarely, if ever, exceeds 30 MW. AEMO will no longer be required to approve a generator as non-scheduled based on this condition.</p>	<p>status is not consistent with the primary objective of the SMC generation which is to supply its load behind the meter. For non-scheduled registration, the extent of the conditions applied to SMC eroded the intent of the non-scheduled classification to the extent that it would in practical terms, remain semi-scheduled.</p> <p>The non-scheduled registration should take into account the primary purpose of the generation. The classification should be consistent with the business purpose of the installation as well as ensuring the appropriate management of the system. A site that limits its output to such levels that the net impact on the local system is very minor should not be treated in the same manner as site whose purpose is to provide services to the system / market. It would be of some merit to consider how the applicant is empowered to appropriately influence AEMO, in addition to some accountability for AEMO in making determinations which are consistent with rules and a set of published principles referred to above.</p> <p>The result of this change is a major disincentive to investment in behind the meter generation which may, at times, exceed a NET export of 30MW. The AEMO classification should acknowledge behind the meter generation and load arrangements based on the NET export, rather than the name plate rating of any generation unit.</p> <p>This is most likely to encourage efficient configuration of load and generation behind a single connection point and allow consumers to achieve the reliable, secure and economic supply consistent with the NEO..</p>
<p><b>Lower the scheduling threshold</b> The AEC proposal was to lower the scheduling threshold to 5MW but AEMC has rejected this proposal on the grounds that it does not consider that non-scheduled generators between 5MW and</p>	<p>SMC agree with the AEMC assessment that there should be no change to the threshold values.</p>

<p>30MW nameplate capacity have a material impact on the forecasting or dispatch process.</p>	
<p><b>Publish registration, classification and exemption decisions</b>  AEC proposed this, but it was rejected on the grounds that AEMO is likely to receive confidential information as part of the registration classification and exemption process, and it is best placed to determine if it should be released.</p>	<p>SMC agree that there is no need to publish AEMO's decisions, but AEMO should justify its position on its decisions to the proponent, and the proponent should have the opportunity to dispute AEMO's decisions if they believe they are unreasonable.</p> <p>The AEMC should consider providing the proponent with the right to release the AEMO determination.</p>

SMC appreciates the opportunity to contribute to the consultation and rule change process.

Yours faithfully,



Kathy Danaher  
Director Sun Metals Corporation