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Australian Energy Market Commission
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12th September 2019

Submitted online to: <https://www.aemc.gov.au/rule-changes/transparency-new-projects>

Dear Mr Lozanov,

Transparency of New Projects
Reference: ERC0257

The Australian Energy Council (the “**Energy Council**”) welcomes the opportunity to make a submission in response to the Australian Energy Market Commission’s (“**AEMC**’s”) *Transparency of New Projects Draft Rule Determination*.

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia, sell gas and electricity to over ten million homes and businesses, and are major investors in renewable energy generation.

Discussion

The Energy Council supports the AEMC’s proposed rule changes, and suggests that they could be further improved by a number of minor amendments.

Project Developers

The Energy Council agrees that project developers should be captured by the National Electricity Rules, despite them ultimately not owning the asset which is to be registered in the market. However the Energy Council has a concern that the latitude afforded by the compliance framework is such that project developers can easily leave, at which time their obligations, such as maintaining the confidentiality of standing data and destroying it when no longer needed (such as on completion of the sale of their project to the ultimate market participant), will be extinguished. The Energy Council therefore recommends that project developers be treated in a similar fashion to Intending Participants, and have obligations which must be honoured until deregistration, for example, by ensuring that destruction of standing data is a condition precedent to the sale of the project to the new asset owner.

Connection Enquiries

The AEMC acknowledges that Transmission Network Service Providers (“**TNSPs**”) and the Australian Energy Market Operator (“**AEMO**”) “are receiving an unprecedented volume of generation enquiries, where multiple proponents are seeking to connect in similar locations, but on different time frames.”¹ The Energy Council is aware of this volume of enquiries, but suggests that many of them may be speculative in nature, as project proponents test the market for opportunities.

Accordingly it may be not be appropriate for all these possible transactions to be reported to AEMO, and the Energy Council suggests that to reduce the “noise” associated with the volume of possible connections, either:

- TNSPs be limited to reporting only connection applications to AEMO, rather than both connection applications and enquiries; or
- if reported on the Generator Information Page, enquiries should be flagged, so users can choose to include or exclude them from their analysis.

¹ Draft Rule Determination, p.ii

Information by Region

The Energy Council appreciates that new generation is generally only relevant to the region in which it is constructed. Nevertheless the interconnected nature of the National Energy Market means that stakeholders may have a need to aggregate data across regions for reporting and analysis. While proposed Rule 3.7F(c)(1) is supported since this ensures regional analysis can occur expeditiously, the Energy Council also recommends that the format AEMO uses across regions should be consistent, to ensure that it can be aggregated easily, if required. A consolidated table with a region identifier may be sufficient to satisfy both purposes.

Location

The public disclosure of location is also one which needs to be balanced between providing sufficient data to inform the market, and protecting the commercial interests of project proponents. The draft rule sets out a definition for key connection information which includes “site location or preferred site location”.² The Energy Council believes that useful information can be imparted to the market without going to this level of detail, by allowing a more general location to be specified, e.g. nearest transmission network identifier. This is particularly important for generators which require large parcels of land, e.g. wind farms.

Materiality

The Energy Council notes that according to the proposed Rule 5.3.8(d3), connection applicants must notify their network service provider of any material change in their key connection information.

For the purposes of the proposed rule, “material” is not defined. While “material” is not always defined in the Rules, it is particularly useful when it is so defined. Accordingly the Energy Council believes that it would be helpful for the AEMC to provide guidance in the rules as to how project proponents and TNSPs are to assess materiality.

Treatment of DNSPs

The Energy Council notes the AEMC’s proposed decision not to include Distribution Network Service Providers (“**DN**SPs”) in the information sharing process,³ citing the need for a holistic and comprehensive review of the entire framework. The Energy Council disagrees with the AEMC’s reasoning, as it is its members’ experience that the issues surrounding transparency of information for transmission network-connected generators are identical for large-scale generators connecting to the distribution network, and just as critical for project development.

On this basis the Energy Council recommends that embedded generation connections via the distribution system be included in the proposed rule, with the understanding that a more comprehensive review may occur later. To be clear, the Energy Council does not believe that the provisions should be applicable to micro-embedded generation connections under Chapter 5A of the National Electricity Rules.

² Draft Rule, Chapter 10.


³ Draft Rule Determination, p.41

Conclusion

The Energy Council believes that, with minor amendments, the rule change proposed by the AEMC will be even more useful in improving market transparency, and thanks the AEMC for its consultation to date.

Any questions about this submission should be addressed to the writer, by e-mail to Duncan.MacKinnon@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Duncan MacKinnon', with a long horizontal stroke extending to the right.

Duncan MacKinnon
Wholesale Policy Manager
Australian Energy Council