

15 March 2019



Ms Anne Pearson  
Chief Executive  
Australian Energy Market Commission (AEMC)  
PO Box A2449  
SYDNEY SOUTH NSW 1235

*By online submission*

Dear Ms Pearson

### **TNSP Confidentiality Exclusion Rule Change Proposal**

This Rule change proposal is on behalf of Energy Networks Australia's transmission members. Energy Networks Australia proposes a Rule change to clause 5.3.8 of the National Electricity Rules (the Rules) to explicitly require transmission network service providers (TNSPs) to publish specific information regarding new and proposed connections to improve the efficiency of the connection application process and facilitate more efficient and optimal network outcomes at a lower cost to consumers.

TNSPs are currently processing an unprecedented level of connection activity, most notably a significant increase in renewable applications. As a result, the connection process now more often involves multiple proponents seeking to connect in similar locations at similar times, making the assessment of technical requirements, connection, network and system planning processes more complex.

It is proposed that a new exception to clause 5.3.8 be introduced to explicitly require TNSPs to publish information regarding the proponent name, size, function (e.g. base load generator, peaking generator or load), location and forecast completion date of a connection enquiry or application. This information would be published by TNSPs in their Transmission Annual Planning Reports (TAPRs) and on their websites between TAPRs where any new information identified above has been provided via a connection enquiry or application to connect.

It is expected that greater visibility of this information will assist connecting parties to coordinate their connection proposals and improve the efficiency of the connection application process which will benefit connection applicants and lower costs to customers.

Energy Network Australia welcomes the opportunity to engage with the AEMC, customers and other stakeholders in relation to this Rule change proposal. Any questions regarding this Rule change proposal should be directed to Verity Watson, [vwatson@energynetworks.com.au](mailto:vwatson@energynetworks.com.au).

Yours sincerely,

A handwritten signature in blue ink that reads "A Dillon".

Andrew Dillon  
Chief Executive Officer

# TNSP Confidentiality Exclusion Rule change request

Energy Networks Australia

15 March 2019

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# 1 Summary of proposed Rule change

This Rule change proposal is submitted by Energy Networks Australia. Energy Networks Australia is the peak national body representing electricity transmission and distribution businesses throughout Australia. Member businesses provide energy to almost every household and business in Australia.

TNSPs are currently processing an unprecedented level of connection activity.. As a result, the connection process now more often involves multiple proponents seeking to connect in similar locations at similar times moving along different timeframes making the assessment of technical requirements, connection, network and system planning processes more complex.

In this context, Transmission Network Service Providers (TNSPs) are well placed to identify opportunities to improve the current connection regulatory framework to achieve greater efficiencies and optimal outcomes that ultimately benefit customers.

Energy Networks Australia proposes a Rule change to clause 5.3.8 of the National Electricity Rules (the Rules). Clause 5.3.8 (Provision and use of information) is a confidentiality obligation that specifically applies to information provided to network service providers (NSPs) as part of the connection process under Chapter 5 (Network Connection) of the Rules. Specifically, Energy Networks Australia proposes a new exception to explicitly allow TNSPs to publish information regarding the proponent name, size, location, estimated completion date, primary technology (e.g. gas turbine, coal fired, wind generator etc.) and broad function (e.g. base load generator, peaking generator or load) of a connection enquiry or application.

The purpose of the proposed Rule change is to explicitly allow TNSPs to publish certain basic and non-commercially sensitive information about new and proposed connections to improve the efficiency of the connection application process and facilitate more efficient and optimal network outcomes at lower cost.

The proposed Rule change would contribute to the achievement of the National Electricity Objective<sup>1</sup> (NEO) by:

- » improving the efficiency of the connection application process for connection applicants;
- » providing greater transparency to the market on new and proposed connections which will facilitate optimal and efficient size and location of new network connections;

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<sup>1</sup> The NEO as stated in the NEL is:

“to promote efficient investment in, and efficient operation and use of, electricity services for the long term interest of consumers of electricity with respect to:

- (a) price, quality, safety, reliability and security of supply of electricity;
- (b) the reliability, safety and security of the national electricity system.”

- » facilitating more efficient assessment and potential development and connection of renewable energy zones; and
- » facilitating greater collaboration between connecting parties to achieve more optimal and efficient solutions to address system strength and other network needs to support security of supply.

These outcomes are expected to be achieved without a material increase in costs to TNSPs, connection proponents or other parties.

## 2 Background

### 2.1 Confidentiality Obligations under the Rules

*Confidential information* is defined in Chapter 10 of the Rules as being:

In relation to a *Registered Participant* or *AEMO*, information which is or has been provided to that *Registered Participant* or *AEMO* under or in connection with the *Rules* and which is stated under the *Rules*, or by *AEMO*, the *AER* or the *AEMC*, to be *confidential information* or is otherwise confidential or commercially sensitive. It also includes any information which is derived from such information.

Relevantly, a *Registered Participant* includes a TNSP. Clause 8.6 of the Rules sets out the confidentiality obligations of Registered Participants' (the general confidentiality provisions) which requires each Registered Participant to, subject to limited exceptions:

- » use all reasonable endeavours to keep confidential any confidential information that comes into its possession or control;
- » not disclose confidential information to any person except as permitted by the Rules;
- » only use or reproduce confidential information for the purpose for which it was disclosed or another purpose contemplated by the Rules;
- » not permit unauthorised persons to have access to confidential information;
- » use all reasonable endeavours to prevent unauthorised access of confidential information in its possession or control; and
- » use all reasonable endeavours to ensure that any person to whom it discloses confidential information observes the provisions of Rule 8.6 in relation to that information.

### 2.2 Current exceptions to confidentiality requirements

Clause 8.6.2 of the Rules sets out various exceptions which allow Registered Participants to disclose, use or reproduce information in limited circumstances including for instance where relevant information is generally publicly available (the

public domain exception) or with the consent of the person who provided the information (the consent exception).

In addition to the general confidentiality obligations, clause 5.3.8 provides specific confidentiality obligations relating to data and information provided as part of the connection process under Chapter 5 of the Rules (the connection confidentiality provisions). In effect, the connection confidentiality provisions operate so that any information received by a NSP as part of a connection enquiry or application must be treated as confidential information, subject to limited exceptions including the exceptions provided under Rule 8.6.

The exceptions to the connection confidentiality provisions under clause 5.3.8 allow NSPs to disclose information to AEMO for limited purposes including for purposes relating to the provision of advice regarding ancillary services and assessment of power system performance, negotiated access standards and system strength. NSPs may also disclose information to another NSP if the information or data is materially relevant to that provider for connection. Both exceptions require the disclosing party to firstly advise the connection applicant.

Energy Networks Australia acknowledges there are a number of exceptions under both the general and connection confidentiality provisions that allow TNSPs to disclose connection related information to specific groups of persons or for specific reasons and in limited circumstances. However, the associated practicalities and limited scope of their application makes the current exceptions ineffective in achieving efficient and timely assessment of connections that deliver optimal outcomes at a lower cost to consumers. These are discussed in section 2.4 below.

## 2.3 Previous consideration of issues

The AEMC has previously considered and determined on similar issues raised by this Rule change proposal in the *National Electricity Amendment (Confidentiality Provisions for Network Connections) Rule 2009*<sup>2</sup> in response to a Rule change proposal from Grid Australia. Grid Australia's Rule change proposal sought to address two key issues it identified with the Rules at that time:

- » any information received by an NSP as a result of a connection enquiry or application, must always be treated as confidential information, which continued to apply even if the information had become publicly available; and
- » NSPs are unable to disclose basic information regarding connection applications that could assist connection enquirers or connection applicants.

To address these issues, Grid Australia proposed the following amendments to the Rules<sup>3</sup>:

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<sup>2</sup> Rule Determination, *National Electricity Amendment (Confidentiality Provisions for Network Connections) Rule 2009*, 12 November 2009

<sup>3</sup> Grid Australia Rule change proposal, *Proposed Rule change: confidentiality provisions clause 5.3.8*, 1 April 2009, p2-3.

- » amend clause 5.3.8<sup>4</sup> to allow confidential information exclusions in clause 8.6.2<sup>5</sup> to apply; and
- » the addition of a new clause to allow NSPs to disclose basic generator information regarding connection applications.

In its Final Determination<sup>6</sup>, the AEMC adopted Grid Australia's proposal to provide an explicit cross-reference in clause 5.3.8 to the general confidentiality obligations under clause 8.6. The cross-reference in clause 5.3.8 clarified that NSPs may disclose information in certain circumstances to Registered Participants and other persons to facilitate coordinated applications and enquiries.

However, the AEMC did not adopt Grid Australia's proposal to include a new clause to allow NSPs to disclose basic generator information. The AEMC considered NSPs could already publish that type of information in certain circumstances to the extent permitted by the confidentiality exclusions under clause 8.6.2(a) (Public domain) and 8.6.2(c) (Consent). The AEMC also considered that there was a high likelihood that connection information would be made public prior to a connection agreement, including in both AEMO's Electricity Statement of Opportunities (ESoO) and TNSPs' Annual Planning Reports (TAPRs) and concluded that there was already sufficient transparency and public information available for prospective connecting generators.

In the current environment, customers and other stakeholders have an increased appetite to have information that is in a location that is readily available and in a format that is easily understood.

## 2.4 Limitations with current confidentiality exceptions

As noted in the AEMC's Final Determination<sup>7</sup> to the Grid Australia Rule change proposal, there are exceptions under the current confidentiality framework and other mechanisms that allow NSPs to disclose information obtained through the connection application process. However, there are practical limitations associated with applying the current exceptions that act as a deterrent to their use and which otherwise make them ineffective to achieve the objectives of this and the earlier Grid Australia Rule change proposal.

In practice, to apply the public domain exclusion necessarily requires TNSPs to undertake searches of various publicly available data sources (e.g. proponent project announcements and other media releases, project planning and development applications etc.) to identify relevant project information and subsequent steps to verify the information to the associated enquiry or application. TNSPs may take these steps with a view to improve the connection process for connecting parties. However,

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<sup>4</sup> Clause 5.3.8 relates to the provision and use of information for modifying or establishing a connection to a network.

<sup>5</sup> Clause 8.6.2 provides for exceptions to Registered Participant's confidentiality obligations under the Rules and includes information generally and publicly available; disclosure to employees, officers and legal or other professional advisors; consent to disclose information.

<sup>6</sup> Rule Determination, *National Electricity Amendment (Confidentiality Provisions for Network Connections) Rule 2009*, 12 November 2009, p vi-vii

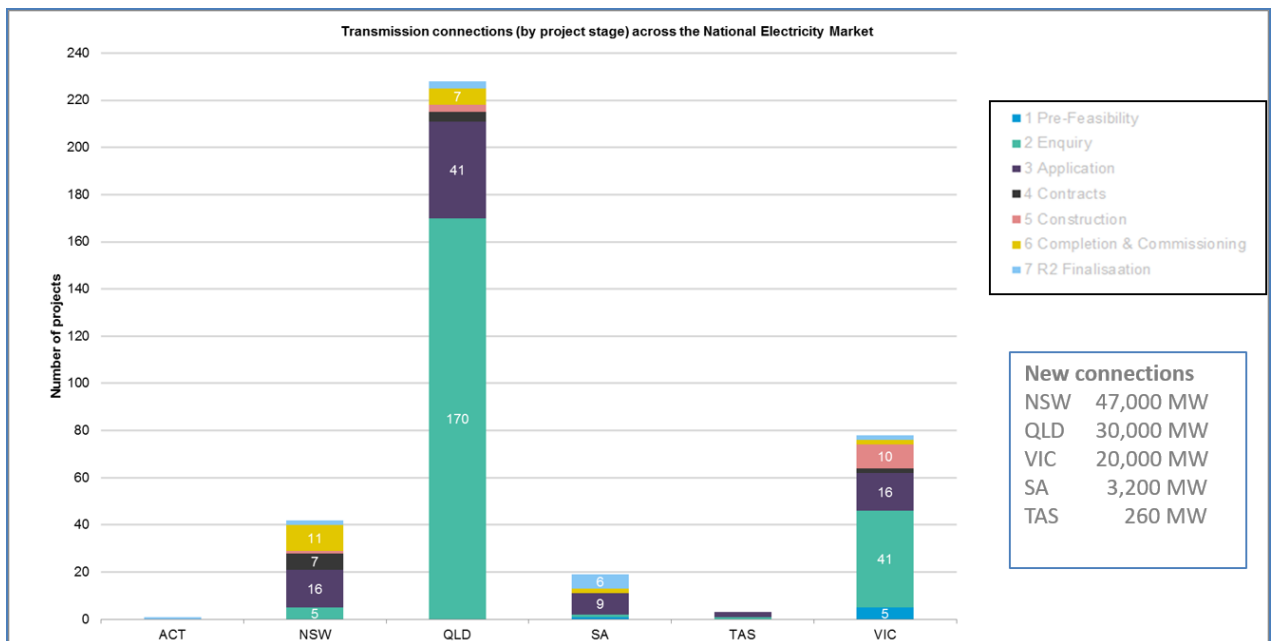
<sup>7</sup> Ibid

the process is inefficient both in terms of time and use of TNSPs' resources, adding unnecessary steps to an already complex process.

At the time of the Grid Australia Rule change proposal in 2009, it was foreshadowed that the number of small-scale generators seeking to connect may increase giving rise to the need for a more coordinated connection application process to deliver advantages for network planning, efficiency and timeliness<sup>8</sup>. Subsequently, the number and type of generation seeking to connect has diversified and significantly increased.

Graphs 1 and 2 below show the significant level of connection activity underway across the NEM and the substantial increase in enquiries in Queensland in particular. As at 30 June 2018, Powerlink received 170 connection enquiries predominantly involving solar, with the proportion of wind and storage increasing. Currently, Powerlink has 42 active renewable applications totalling approximately 8,600MW of installed capacity<sup>9</sup>.

**Graph 1 - Transmission connections (by project stage) across the NEM**



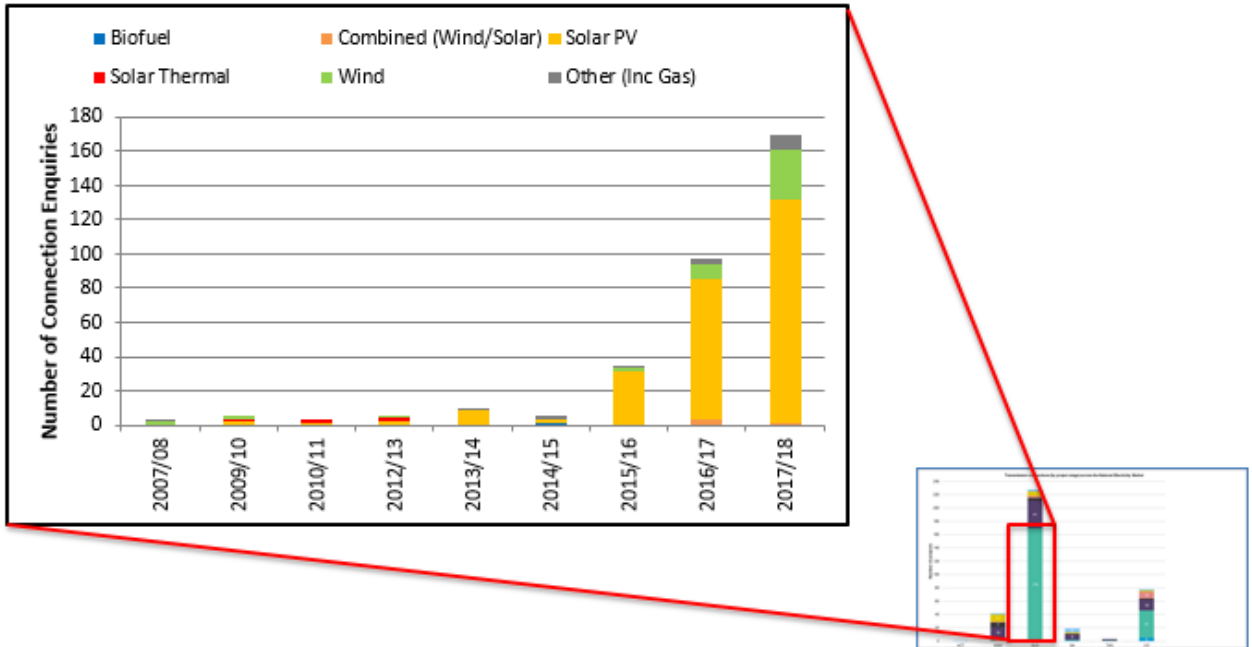
Source: AEMO presentation, 'Is bigger really better? The outlook for utility-batteries in Australia, Australian Clean Energy Summit, 1 August 2018

<sup>8</sup> Ibid, p 2

<sup>9</sup> March 2019



Graph 2 Queensland Connection enquiries by type



Source: Powerlink Queensland, Transmission Annual Planning Report Forum, August 2018

In this context, multiple proponents seek to connect in similar locations at similar times moving along different timeframes making the assessment of technical requirements, connection, network and system planning processes more complex. In these circumstances and in the current environment, it is not practical, efficient or possible for TNSPs to obtain consent from multiple proponents to enable connection information to be shared under the general confidentiality provision exceptions to coordinate connections and optimise outcomes. This is despite the information proposed to be published under this Rule Change proposal being non-commercially sensitive and already in the public domain (e.g. public notifications of development approvals).

The increased volume of connections in the NEM is expected to continue with emerging issues, recent and proposed market framework changes also adding additional challenges and complexities for TNSPs, AEMO, connection proponents and other interested third parties. For instance, recent changes to the connections framework<sup>10</sup> have required TNSPs to make significant changes to their processes and provide initial and ongoing support to customers to assist their customers understand new arrangements to minimise additional costs and delays. It is anticipated that the Rule change proposal if adopted would complement and further assist to achieve the

<sup>10</sup> National Electricity Amendment (Transmission Connection and Planning Arrangements) Rule 2017, National Electricity Amendment (Managing power system fault levels) Rule 2017 and the National Electricity Amendment (Generator technical performance standards) Rule 2018

objectives of the above Rule changes without requiring significant changes or expense for TNSPs or other affected stakeholders.

## 2.5 AEC Rule change proposal

Energy Networks Australia notes that the Australian Energy Council (AEC) has submitted a Rule change proposal<sup>11</sup> that is intended to improve the transparency of new projects in the NEM. The AEC's Rule change request proposes to require *Intending Participants* to notify AEMO as soon as reasonably practicable after information provided to AEMO is in the public domain. The proposal is intended to ensure AEMO is able to publish all relevant information it has obtained for proposed projects on the generation information page (or through other reports and forecasts) that the provider of the information could otherwise claim as being confidential. Energy Networks Australia is supportive of mechanisms that facilitate more efficient ways of making information that has entered the public domain more accessible and considers this proposal to complement the objectives of the AEC's proposal.

Energy Networks Australia's Rule change proposal seeks to broaden the scope of information to be made accessible beyond that which may be held by AEMO and facilitate earlier disclosure (i.e. when a connection enquiry in accordance with clause 5.3.2 has been received by a TNSP) to maximise potential benefits. There are also greater efficiencies for TNSPs to have the ability to publish this information through the TAPR and on their websites between TAPRs and release the new information given their role in the connection process and understanding of the necessary timing that information would be of the greatest benefit to deliver the best outcomes. The proposed role of TNSPs to release information is particularly important given TNSPs may receive new information between TAPR publications.

Furthermore, the information obtained by TNSPs through the connection process and which would be of benefit if published, is not limited to information that may at some point currently enter the public domain. It is conceivable that information obtained through the connection process may not for some time or may never enter the public domain but if shared, could make the connection process more efficient and lead to better outcomes. For instance, in terms of the level and cost of investment that is required to be undertaken to facilitate connection.

## 2.6 AEMO Rule change proposal

The Australian Energy Market Operator (AEMO) has also recently initiated a Rule change proposal<sup>12</sup> with the related objective of increasing access to information. However, the purposes of the AEMO proposal primarily relate to enhancing NEM arrangements to facilitate more efficient entry of grid-scale energy storage and other resources. Specifically, the Rule change request proposes to allow developers to register as an Intending Participant so they can access information AEMO holds which

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<sup>11</sup> Australian Energy Council, Transparency of New Projects Rule Change Request, 15 December 2018

<sup>12</sup> AEMO, Electricity Rule Change Proposal, *Providing NEM Information to Project Developers*, 31 December 2018

if disclosed could assist to support the development of generating systems or a large load. Currently under the Rules, AEMO is permitted to provide certain information in confidence to Registered Participants, including Intending Participants. This includes information reasonably required to carry out power system simulation studies and modelling and other information that AEMO considers would assist developers to design and build a generating system or a large load (typically an industrial development).

A key distinction between both the AEMO and AEC Rule change proposals and Energy Networks Australia's proposal is that Energy Networks Australia's proposal is not limited to information held or obtained by AEMO and relates to information obtained by TNSPs through the connection process. Energy Networks Australia also considers there are broader benefits that can be achieved where TNSPs have the ability to publish information each year in their TAPRs and more frequently if new information is provided by a connecting proponent between publication of their TAPRs (on their websites). As discussed in section 3, the ability for TNSPs to publish the information proposed by this Rule change is to enable connection proponents to coordinate and collaborate to better understand potential impacts of connection on the network (e.g. system strength) and to collaborate in optimising the investment cost of proceeding with their respective connections. The publication and release of information proposed by this Rule change may also assist proponents to prepare more informed connection applications.

Energy Network Australia is supportive of the objectives of both the AEC and AEMO proposals. However, Energy Networks Australia does not consider that either proposals would, if implemented, be an appropriate alternative solution to address the issues identified in this Rule change proposal. Energy Networks Australia considers the Rule change proposals complement each other and there is merit in considering the proposals concurrently. This would allow the AEMC and stakeholders to consider the full range of issues identified with the current confidentiality framework under the Rules and the overall best approach to address those issues.

## 2.7 Enhanced information provision to facilitate renewable energy zones (REZ)

The AEMC has recently considered and consulted on the benefits of enhanced information provision in the context of defining and facilitating renewable energy zones (REZ) through the Coordination of Generation and Transmission Investment Review (the COGATI Review)<sup>13</sup>. Through the consultation process to the COGATI Review network businesses expressed support for enhanced information provision in the NEM, noting that regulatory frameworks and processes for coordinating transmission and renewable energy investment could be improved if supplemented by more effective coordination and information provision from TNSPs. Measures already taken by industry to proactively make information available (e.g. Network Opportunity Maps developed by the Institute for Sustainable Futures and Energy Networks

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<sup>13</sup> Options Paper, Coordination of Generation and Transmission Investment, AEMC, 21 September 2018, p120

Australia) were recognised, however it was acknowledged that enhanced information provision should be examined further.

The COGATI Review also highlighted how certain existing regulatory arrangements intended to facilitate coordination by and between generators such as the Scale Efficient Network Extensions (SENE) framework<sup>14</sup> have not been utilised. From a consumer perspective, stakeholders appear open to mechanisms that support greater efficiencies of scale in network development that benefits consumers through more efficient pricing. In this context, stakeholders highlighted the barriers the current confidentiality provisions create which include a reluctance of generators to coordinate connection proposals due to concerns about the implications of confidentiality and TNSPs being prevented from sharing of information between multiple proponents seeking connection to the transmission network within a region or zone<sup>15</sup>. In this way the confidentiality provisions limit TNSPs' ability to initiate and drive coordination that could lead to greater efficiencies.

Energy Networks Australia considers this Rule change proposal enhances information provision in the NEM. Notwithstanding this, Energy Networks Australia transmission members look forward to working further with the Energy Security Board in its consideration of facilitating REZs.

### 3 Nature and scope of issues

Currently TNSPs are required to keep information provided as part of the connection process confidential which means prospective generators have limited visibility about other generators wanting to connect in the same area and TNSPs are not able to coordinate various connecting parties to achieve a more efficient solution for all.

Currently, information that could assist connecting parties to optimise connection outcomes is dispersed across various sources, inconsistent in detail and of varying veracity.

The exceptions to confidentiality requirements under the Rules and processes to facilitate information sharing are inadequate particularly in the current environment where multiple applications are being received by TNSPs. The lack of processes available to access information in a timely and coordinated way creates a bottleneck in the connection process for connection proponents and internally with TNSPs. In this context, there is opportunity to build on the connection experience, capabilities and insight of TNSPs and simplify the confidentiality provision arrangements. It is

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<sup>14</sup> The SENE framework has been in place since 1 July 2011. The SENE framework requires transmission businesses to undertake and publish, on request, specific locational studies to reveal to the market potential opportunities for efficiency gains from the coordinated connection of expected new generators in a particular area. The studies are intended to assist potential investors make informed, commercial decisions to fund a SENE, having weighed the potential gains from coordinated, efficient generator connection arrangements against potential costs of assets not begin fully used.

<sup>15</sup> Ibid.

expected that this Rule change would ensure the confidentiality provisions do not operate as an unnecessary barrier to efficient and more coordinated processing of connections that can ultimately result in better outcomes and lower costs to customers.

Greater transparency of basic connection information will assist connecting parties and TNSPs to optimise connection investment decisions and outcomes. In the current environment, multiple parties will seek to connect to networks in the same location at similar timeframes. In these circumstances prospective connection applicants may be unaware of opportunities to collaborate and potentially reduce costs by combining with others at the same location or by otherwise benefiting from economies of scale for connection services at particular locations. Currently TNSPs are unable to release any information that would facilitate these types of efficient arrangements even though it may reduce the level of investment and cost involved. The proposed changes to clause 5.3.8 would overcome this issue and would benefit connecting proponents, other interested parties and TNSPs.

Under Energy Networks Australia's proposal TNSPs would have the ability to publish connection information annually in their TAPRs and release new information between TAPRs which would facilitate a more efficient and coordinated connection process allowing TNSPs to process multiple parties and free up resources to consider other connection enquiries. This is particularly important in the current environment given the extent of enquiries received, expected increase and in light of the already complex connection framework.

### 3.1 Timing of information publication

The timing of the possible release of basic connection information is also important. It is proposed that TNSPs be required to publish basic connection information from receipt of a valid connection enquiry made in accordance with the Rules. The release of information being timely and relevant for all parties that may have an interest will provide greater transparency and will lead to more efficient investment decisions for all. The information is unlikely to be commercially sensitive as this type of information would usually form the basis of development applications and other project related approvals which are contemporaneously publicly available.

The publication at enquiry stage of the connection process by TNSPs provides potential applicants early notice that other proponents or developers may be interested in connecting in a certain area which creates an opportunity for them to collaborate and explore mutually beneficial arrangements prior to lodging a formal connection application. Other TNSPs and AEMO are also made aware of potential impacts on the network which assists with more efficient network planning.

While existing regulatory arrangements do allow generators to coordinate their connections to the transmission network, historically competitive tensions and commercial challenges have acted as a disincentive for generators to do so. There has been a reluctance on the part of generators to coordinate connection proposals due to concerns about the implications on confidentiality requirements and potential 'first

mover' competitive advantage. With connection related information becoming increasingly publicly available and recent changes to system security arrangements, there are now more drivers for generators to act more cooperatively. This includes greater coordination by generators to seek ways to manage system strength obligations and connect in a way that can deliver optimal and efficient outcomes. TNSPs are well placed to facilitate these cooperative approaches and improved outcomes through efficient, consistent and coordinated information sharing.

There are other significant overall power system and consumer benefits that can be realised from TNSPs having the ability to share basic connection information. TNSPs are also well placed to manage the disclosure of connection related information to support more efficient and comprehensive planning information processes. TNSPs' planning information is important inputs to actioning the current Integrated System Plan (ISP) and developing future ISPs and to support the assessment of potential investment in REZs.

### 3.2 Aligned objectives to AER Guidelines to increase transparency

In light of the above considerations, Energy Networks Australia considers it is appropriate to amend the existing Rules to allow TNSPs to publish basic information regarding connection enquiries and applications such as proponent name, size, location, estimated completion date, primary technology and broad function for the proposed connection. The amendment would allow basic and non-commercially sensitive information to be published if a valid connection enquiry or application to connect has been received by the TNSP in accordance with the Rules. The proposed changes are likely to have minimal impact on TNSPs as the information could be efficiently and consistently published through existing arrangements such as the Transmission Annual Planning Report (TAPR) and supporting publication on TNSPs' websites.

Energy Networks Australia considers the Rule change proposal is also complementary to the objectives of recent changes to TAPR requirements as outlined in the Australian Energy Regulator's (AER) new TAPR Guidelines<sup>16</sup>. The new TAPR Guidelines require TNSP's to provide detailed information relating to transmission connection points, transmission line segments and new generator connections. The data required includes historical and forecast demand information for transmission network connection points and details about the location and size of applicant generator connections. The provision of this information is intended to provide generators and large transmission customers with practical and consistent information they need to make informed connection decisions and support non-network service providers offer alternative solutions to identified transmission needs. The TAPR Guidelines require TNSPs to update information at least annually with new connection information required to be updated as soon as practicable and kept available on TNSPs' websites.

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<sup>16</sup> Final Decision, Transmission Annual Planning Report Guidelines, 18 December 2018

In its Final Decision to its review of the TAPR Guidelines, the AER noted<sup>17</sup>:

*“...generators, large transmission customers and non-network service providers face the challenge of accessing and comparing different information types and detail across the TAPRs and other information sources, leading to increased costs and potentially inefficient investment decisions.*

*The TAPR Guidelines will address some of the challenges by requiring TNSPs to publish a set of consistent and easy to access information (‘TAPR data’) to complement the TAPR documents that they have been publishing on 30 June each year.”*

As part of the AER’s review of the TAPR Guidelines, the key area of concern raised by stakeholders was that the proposed additional information requirements for new connections would be in conflict with confidentiality obligations of NSPs under the Rules<sup>18</sup>. In response to these concerns, the AER limited the scope of the connection information requirements so that they only apply to new connections for generators and required TNSPs to aggregate information to the extent necessary to maintain confidentiality. In this way, the confidentiality provisions under the Rules restricted the potential broader benefits that the AER’s review of the TAPR Guidelines was seeking to achieve to facilitate improved and consistent provision of information by TNSPs across the NEM.

In addition to the review of the TAPR Guideline, the AER has undertaken work on a number of related initiatives to further support the objective of improved transparency of information in the NEM including for example its review of the Regulatory Investment Test<sup>19</sup> (RIT) Application Guidelines. The AER has recently completed this review and released an updated RIT Application Guideline<sup>20</sup>. Among other objectives, the recent changes made to the RIT Application Guidelines are intended to encourage RIT proponents to provide transparent and user-friendly data to stakeholders and use their TAPRs to undertake early engagement with customers and other stakeholders on investment proposals.

TNSPs are currently considering the most appropriate ways to implement new TAPR publication and RIT-T requirements to achieve the objectives of improved provision of information and are therefore well placed to manage appropriate disclosure or publication of connection related information described in this Rule change proposal as part of these functions.

The provision of this information would benefit connection applicants and prospective applicants through more efficient connection solutions. TNSPs will also benefit from a

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<sup>17</sup> Ibid, p2

<sup>18</sup> Energy Networks Australia (ENA) submission to Draft Transmission Annual Planning Report Guideline, 17 October 2018, p 1-2

<sup>19</sup> RITs are cost-benefit analyses that network businesses must perform and consult on before making major investments in their networks.

<sup>20</sup> Final Decision, *Application Guidelines for the Regulatory Investment Tests*, 14 December 2018.

resourcing and network planning perspective from a more efficient connection process.

## 4 Description of the Rule change

Energy Networks Australia proposes amendments to clause 5.3.8 to ease the existing confidentiality restrictions relating to network connection enquires and applications on TNSPs. Specifically, Energy Networks Australia proposes a new exception to explicitly allow TNSPs to publish and release the following information regarding a connection enquiry or connection application:

- » **the proponent name** – this would allow proponents to contact each other to coordinate connection proposals and potentially benefit from economies of scale in planning analysis and for example system strength solutions;
- » **size** – the size of the proposed connection would assist in identifying scale efficient connection options;
- » **location** – locational information would allow parties to coordinate with others considering proposals in the same or similar locations;
- » **completion date** – estimated completion date would assist with timing and alignment of project investment decisions;
- » **primary technology** – for instance renewable, gas wind, coal, etc; and
- » **function** – for instance whether the connection is for a base load generator, peaking generator or load.

In light of the existing significant number of connection enquiries and applications currently in train, Energy Networks Australia proposes that appropriate transitional arrangements are required to maximise potential benefits to be realised as soon as possible. Energy Networks Australia proposes that the exception should be able to be relied on with respect to disclosure of information that has been obtained by TNSPs before the commencement of the Rule but limited to information that has been published by TNSPs in their last TAPR and any information obtained since publication of the last TAPR only if consent has been obtained. In this way, the transitional arrangements ensure the information will already be in the public domain or otherwise is published with consent which would address any concerns about the retrospective application of the arrangements. Energy Networks Australia welcomes stakeholder views on these issues to ensure transitional arrangements are appropriate and effective and to ensure the benefits of the Rule change proposal can be realised by connection proponents and other interested stakeholders as soon as possible.

Proposed drafting for Energy Networks Australia's Rule change proposal is set out in **Annexure A**.



## 5 Achievement of the National Electricity Objective (NEO) and expected benefits

The focus of the electricity objective is on efficient investment in, and operation and use of, electricity in the long-term interests of consumers. The proposed Rule change promotes more efficient decisions across these activities, which ultimately promote the long term interests of consumers in the following ways:

- » making the connection application process more efficient which will benefit connection applicants and lower costs to customers;
- » providing greater transparency to the market on new and proposed connections which will facilitate optimal and efficient size and location of new network connections;
- » facilitating more efficient assessment and potential development and connection of renewable energy zones;
- » facilitating the potential for collaboration between connecting parties to achieve more optimal and efficient solutions to address system strength needs to support security of supply; and
- » promoting improved operation of the NEM by facilitating access for potential investors in physical assets of the system to data on which they can more accurately and confidently base their investment decisions.

## 6 Impacted parties

Energy Networks Australia considers that the expected benefits of the proposed Rule change are significant and have broad scope with numerous parties likely to benefit from the proposed changes. Primarily, Energy Networks Australia considers the key beneficiaries of the Rule change proposal will be connection proponents and customers.

The Rule change proposal is expected to result in outcomes that deliver benefits to a broad range of customers and positively impact the price, quality, reliability and security of supply and assists to achieve the NEO. This is primarily due to the proposed Rule change facilitating better coordinated and more efficient decisions by connecting parties, existing generators and TNSPs. Efficiency improvements in processing connections will ultimately result in better services and lower costs. Increased transparency of connection information will facilitate the coordination of better network outcomes at a lower cost to all.

Increased transparency and a more efficient connection process will benefit connecting proponents who will be able to use the information to inform their

commercial decisions such as when and where to locate connections and other decisions that allow them to consider better solutions including opportunities to proceed with coordinated or jointly processed connection applications. Increased transparency of new connection information will also assist existing generators in commercial decisions including for instance investment decisions relating to technical or economic life of their assets.

It is expected that the Rule change proposal will also benefit the consultants engaged by connecting proponents to enable connection studies to be carried out and assist to ensure technically competent applications are made to TNSPs which will assist to make the connection application process more efficient.

A more efficient connection process will allow for a more efficient and appropriate use of resources and will assist TNSPs in their connection application, network planning and system security functions. TNSPs are well placed to facilitate the publication and appropriate release of the proposed connection information for purposes described in this Rule change proposal in light of their planning function, role in the connection process and obligations with respect to TAPRs and other publications.

Energy Networks Australia acknowledges that there will be practical implementation issues to consider and work through that are associated with the publication and release of information by TNSPs proposed under this Rule change. Energy Networks Australia understands the AEMC will consider these matters as part of the Rule change consultation process and looks forward to working with the AEMC to address these issues.

Greater transparency will assist AEMO in its national transmission planning function with additional information sources to inform forecasts and other processes. The Rule change proposal further complements AEMO's Rule change proposal. Further, the increased transparency of information by TNSPs is expected to enhance opportunities for AEMO and TNSP coordinated planning, including to develop the ISP and provide information to market participants on REZs for potential development by the market.

As outlined above, the Rule change proposal is consistent and complementary with the objectives of the AER's recent review and final decision on:

- » TAPR Guidelines which seeks to increase transparency on connection information and ensure TNSPs are providing information on a consistent basis; and
- » RIT-T Application Guidelines which are intended to encourage RIT proponents to provide transparent and user-friendly data to stakeholders and use their TAPRs to undertake early engagement with customers and other stakeholders on investment proposals.

## 7 Expected costs of the proposed Rule changes

Costs associated with the proposed changes will be minimal, given that TNSP's already have the information and are currently working to implement compliance with new TAPR requirements to facilitate the publication and release of relevant information including through website publications and subsequent updates.

Energy Networks Australia also anticipates that TNSPs' website publications of relevant connection information will assist to provide a consistent and easily accessible single reference point for interested parties, reducing costs associated with inefficient practices and other delays associated with locating and verifying information.

## Annexure A – Proposed Rule drafting

Proposed amendments to the Rules to implement the proposed Rule changes are outlined below.

### 5.3 Establishing or Modifying Connection

....

#### 5.3.8 Provision and use of information

....

(c1) A *Transmission Network Service Provider* must publish in its *Transmission Annual Planning Report* information regarding the proponent name, size, location, forecast completion date, primary technology and function (e.g. base load generator, peaking generator or load) of a *network connection*, provided a compliant *connection enquiry or application to connect* in relation to that *network connection* has been received by the *Network Service Provider* in accordance with clause 5.3.2 or clauses 5.3.4 and 5.3.4A.

(c2) A *Transmission Network Service Provider* must release any new information as described in 5.3.8(c1) that has been received by the *Transmission Network Service Provider* since the publication of its last *Transmission Annual Planning Report*:

- (a) to a person or persons that have provided a *connection enquiry or application to connect* in accordance with clause 5.3.2 or clauses 5.3.4 and 5.3.4A; and
- (b) must publish this information on its website as soon as reasonably practicable following release of the information to the person or persons described in 5.3.8(c2)(a).

....

### 11. Savings and Transitional Rules

#### Part ZZZ[•] TNSP Confidentiality Exclusions

11.[•] Rules consequential on the making of the *National Electricity Amendment (NSP Confidentiality Exclusion) Rule 2019*

#### 11.[•].1 Definitions

For the purposes of this rule 11.[•]:

**Amending Rule** means the national Electricity Amendment (NSP Confidentiality Exclusions) Rule 2019.

**Commencement date** means [insert commencement date of Amending Rule].

11.[•].2 For the purposes of rule 5.3.8(c1) the information that may be published by a *Transmission Network Service Provider* at the commencement date includes information regarding the proponent name, size, location, forecast completion date, primary technology and function (e.g. base load generator, peaking generator or load) of a *network connection* application or enquiry that

- (a) has been received by a *Transmission Network Service Provider* in accordance with clause 5.3.2 or clauses 5.3.4 and 5.3.4A on or before the *commencement date*; and
- (b) has been published in the *Transmission Network Service Provider's Transmission Annual Planning Report* in accordance with rule 5.12.2 ; or
- (c) consent to publish the information has been obtained by the *Transmission Network Service Provider* from the person or persons who provided the relevant information under the Rules.