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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 Consultation Paper*.

The Energy Council is the industry body representing 23 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.

The Energy Council supports all three rule changes and the AEMC’s decision to consider them jointly.

Discussion

The power system is in transition, with increasing amounts of variable renewable energy displacing mainly thermal generation. In addition, new technologies, such as battery energy storage systems, are being installed to provide a degree of firmness to plant which is dependent on natural fuel sources, and conventional plants are frequently subject to incremental upgrades.

To facilitate this transition, it is important that:

- proponents have the necessary technical information available to further their projects;
- proponents are broadly aware of other projects which might affect their business cases, for example through increasing congestion or losses;
- proponents have knowledge of possible nearby plants so that they can seek to optimise their connection costs; and
- legacy generators are aware of proposed plants so they can plan orderly retirements.

This common value of transparency must be balanced against the private value of commercial confidentiality.

The Australian Energy Market Operator’s (“**AEMO’s**”) Generator Information Page¹ is already an extremely valuable resource. The Energy Council’s proposed rule change will give that resource a formal basis that will provide all parties confidence in its role in being the best central repository of existing and proposed projects. Whilst the rule would require the information to continue to be published in at least tabular form, it will also create a platform from which AEMO could reproduce it into graphical or geographical representations, or publish derived secondary data from it, such as forecast loss factors. It is possible that its utility could be enhanced (and AEMO’s workload reduced) by having the data combined with the current registration lists which AEMO maintains.² Furthermore there may be enhancements AEMO could introduce, after consultation

¹ Available at <http://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/Generation-information>

² Available at <http://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Participant-information/Current-participants/Current-registration-and-exemption-lists>

with industry, such as unique project identifiers, to lessen confusion due to proponent name changes or project design changes.

The Energy Council supports Transmission Network Service Providers (“**TNSPs**”) publishing information on connection enquiries received, and feeding the information directly to AEMO in a manner which limits AEMO’s workload in compiling the data for the Generator Information Page. The information to be made available will be useful to other proponents and existing market participants, and can be further enhanced by establishing criteria for how TNSPs will make an assessment of “function” and expanding the categories available, for example by including “intermediate generation”. In addition, an expectation of commissioning year, if available, should be provided.

The Energy Council supports AEMO providing information to developers by relaxing the Intending Participant provisions, but suggests that there be limitations imposed on the granularity of the data to be made available. Based upon the different development stages of projects, it may be appropriate to increase the amount of information made available as the stages progress, thereby limiting disclosure of confidential information in projects’ formative stages.

The ability to ensure market participants’ confidential data provided to developers is used only for the purpose for which it was intended is also a consideration. As the Consultation Paper mentioned,³ a number of development models result in the project being handed over and the developer having no continuing relationship with the market. In these instances it will be difficult to police an obligation to destroy or return confidential information, and this may result in commercially sensitive data becoming available to competitors. Much of the data needed by developers is available from third party data services, and it may be appropriate that these services be favoured for the provision of information, given they are more likely to ensure confidentiality is maintained (otherwise they would lose their licence to use the information).

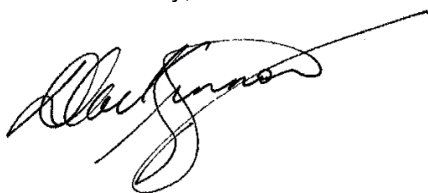
The difficulty will remain in AEMO assessing developers to determine whether they are *bona fide*. The Energy Council believes that AEMO should err in developers’ favour to ensure that there is maximum opportunity for new plant to be identified, designed and, if economically feasible, constructed and commissioned, however the Energy Council believes AEMO should develop, in consultation with industry, the necessary procedure for assessing whether developers are genuinely Intending Participants.

Such a procedure may require developers to pay a non-refundable registration fee upfront, which would compensate AEMO for its wasted administrative costs should the project not proceed. This would not need to be part of the Rules; instead it could be incorporated into AEMO’s next fee schedule.

As a corollary to the assessment of developer fidelity, it is important for AEMO to provide transparency of such Intending Participants to the rest of the market, and ensure that information dissemination on their proposed projects to market participants and other interested parties is timely and continuous. It is appropriate that developers who do not honour their obligations to keep AEMO informed of their project and any changes are penalised by having their project assessment delayed, or in extreme circumstances, having their Intending Participant status cancelled.

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,



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Australian Energy Council

³ Appendix A, p.41