

23 May 2019



Ms Suzanne Falvi
Executive General Manager
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Ms Falvi

RE: ERC0257 National Electricity Amendment (Transparency of New Projects) Rule

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC), on its consultation on the *National Electricity Amendment (Transparency of New Projects) Rule – Consultation Paper*. This submission is provided by Energy Queensland, on behalf of its related entities Energex Limited (Energex), Ergon Energy Corporation Limited (Ergon Energy), Ergon Energy Queensland Limited (Ergon Energy Retail) and Yurika Pty Ltd (Yurika).

Energy Queensland has addressed the questions raised in the Consultation Paper in the attached submission.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact myself or Barbara Neil on (07) 4432 8464.

Yours Sincerely

A handwritten signature in black ink that reads "Trudy Fraser".

Trudy Fraser
Manager Policy and Regulatory Reform

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Encl: Energy Queensland's submission

Energy Queensland Submission on the Transparency of New Projects

Consultation Paper

Energy Queensland Limited
23 May 2019



About Energy Queensland

Energy Queensland Limited (Energy Queensland) is a Queensland Government Owned Corporation that operates a group of businesses providing energy services across Queensland, including:

- Distribution Network Service Providers, Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy);
- a regional service delivery retailer, Ergon Energy Queensland Pty Ltd (Ergon Energy Retail); and
- affiliated contestable business, Yurika Pty Ltd, which includes Metering Dynamics Pty Ltd.

Energy Queensland's purpose is to "safely deliver secure, affordable and sustainable energy solutions with our communities and customers" and is focussed on working across its portfolio of activities to deliver customers lower, more predictable power bills while maintaining a safe and reliable supply and a great customer service experience.

Our distribution businesses, Energex and Ergon Energy, cover 1.7 million km² and supply 37,208 GWh of energy to 2.1 million homes and businesses. Ergon Energy Retail sells electricity to 740,000 customers.

The Energy Queensland Group also includes Yurika, an energy services business creating innovative solutions to deliver customers greater choice and control over their energy needs and access to new solutions and technologies. Metering Dynamics which is a part of Yurika, is a registered Metering Coordinator, Meter Provider, Meter Data Provider and Embedded Network Manager. Yurika is a key pillar to ensure that Energy Queensland is able to meet and adapt to changes and developments in the rapidly evolving energy market.

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1 Introduction

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its Transparency of New Projects Consultation Paper (Consultation Paper). This submission is provided by Energy Queensland, on behalf of its related entities Energex Limited (Energex), Ergon Energy Corporation Limited (Ergon Energy), Ergon Energy Queensland Limited (Ergon Energy Retail) and Yurika Pty Ltd (Yurika).

Energy Queensland notes that while this Consultation Paper has discussed transmission network service providers (TNSPs) in detail, it must also be recognised that distribution network service providers (DNSPs) have experienced an equivalent level of generation enquiries, particularly in Queensland. For example, as at the end of March 2019 quarter, Energy Queensland had 29 committed projects in construction with 1.1GW of total capacity. A further 116 projects are also in various stages of the application process worth a total of 4.5GW estimated capacity. As such, any rule changes must consider whether they will be applicable to TNSPs and DNSPs, and if not applicable to both, the reasoning for this difference and the overall market benefit of this consideration should be articulated.

It must also be noted that clauses 5.3.2 and 5.3.4 of the National Electricity Rules (NER) apply to connections other than for the connection of *embedded generating units*, and that all connections to DNSPs are considered *embedded generating units*. Therefore, any rule wording must be considered to ensure that the intended outcomes, whether that is inclusion or exclusion of DNSPs, occurs.

In response to the AEMC's invitation to provide comments on the Consultation Paper, Energy Queensland has provided responses to a number of the questions raised in the Consultation Paper in the following section.

Energy Queensland is available to discuss this submission or provide further detail regarding the issues raised, should the AEMC require.

2 Table of detailed comments

Consultation Paper Feedback Question	Energy Queensland Comment
Issue 1: Assessment framework	
(a) Do stakeholders agree with the proposed assessment framework? Alternatively, are there additional principles that the Commission should take into account?	Energy Queensland broadly supports the proposed assessment framework. We suggest the AEMC is mindful of concurrent rule changes such as the coordination of transmission and generation investment, 5 minute settlement and the marginal loss factor (MLF) changes which may impact on this rule change.
Issue 2: Information Provision for Developers	
(a) Do stakeholders consider that developers do not have access to information necessary to construct and connect generation assets or large loads?	Energy Queensland suggests that risks for developers currently emerge when two competing projects apply for connection at the same time and are essentially ‘racing’ to receive an offer for connection and become committed (under the definition in Australian Energy Market Operator’s (AEMO) System Strength Impact Assessment Guidelines). In these circumstances, the second-in-time party, who has often committed a significant amount of money to the application process, is often faced with a significant additional cost in remediation or thermal capacity mitigation, to enable their connection. Additionally, given the changes brought about by the ‘commitment’ of the first-in-time applicant’s project, the second-in-time customer is also required to reassess their application from the beginning, to take account of the new conditions. Presently, DNSPs do not have the ability to specifically and materially inform the second-in-time applicant of the risk to their connection until such time as the first becomes committed. As such, moves to enable network service providers (NSPs) to have more open conversations regarding risk and competing projects may lead to better outcomes for developers. This proposal may also allow developers to work together, essentially finding efficient engineering outcomes to common issues in a locality for connection.
(b) Should developers be allowed to register as intending participants? If so, what other considerations should be taken into account?	We suggest developers should be able to receive PSSe Operations and Planning Data Management System snapshots of the National Electricity Market (NEM) that would be available to participants or intending participants in order to conduct modelling for their own purposes in validating project risk or developing a connection project.

<p>(c) Do stakeholders consider that the information needs of intending participants and developers are identical? What information should developers receive? What information should developers <i>not</i> receive?</p>	<p>From an NSP perspective, the information given to developers and intending participants regarding the network, should be identical, with the exception of more detail being available as the design of projects progresses.</p>
<p>(d) Do stakeholders have any views on the criteria outlined in AEMO's intending participant guidelines?</p>	<p>Energy Queensland broadly agrees with the criteria outlined in AEMO's intending participant guidelines. However, clear definitions of the evidence requirements may be required to ensure consistent application of the criteria.</p>
<p>Issue 3: New business models</p>	
<p>(a) Do stakeholders have a view on special purpose vehicles registering as intending participants?</p>	<p>No comment.</p>
<p>(b) Can stakeholders suggest any generation business models that should be prohibited from registering as intending participants?</p>	<p>No comment.</p>
<p>Issue 4: Timing of Information Provision</p>	
<p>(a) Do stakeholders have any views on when information should be provided to intending participants?</p>	<p>Energy Queensland believes that information should be provided when requested, allowing appropriate time for actioning.</p> <p>By the time the developer submits a connection application, they should have already completed extensive network modelling in order to inform their application, as well as minimum fault level studies to inform development of the Power Systems Computer Animated Design / Electromagnetic Transient model as required by the AEMO System Strength Impact Assessment Guidelines.</p>
<p>Issue 5: De-Registration</p>	
<p>(a) Do stakeholders have views on the current de-registration process for intending participants? Should it be enhanced?</p>	<p>Energy Queensland is supportive of either a de-registration mechanism, or a renewable registration with certain evidences required to endorse renewal. The overall purpose should be to ensure clarity and consistency in the application of the process.</p>

<p>(b) Do stakeholders have any views on what might be considered 'positive steps' in relation to developing a project?</p>	<p>Energy Queensland suggests the following actions may be considered 'positive steps' to developing a project:</p> <ul style="list-style-type: none"> • Evidence of ongoing negotiation with the connecting NSP including up to date payments for project stages. • Development of appropriate modelling. • Development of design suitable for the project. • Appropriate construction, local council and/or transport plan approvals suitable for the project.
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Issue 6: Notification of Project Changes

<p>(a) What are stakeholders views on imposing a requirement on intending participants to provide AEMO with revised information when their project changes? Is it feasible for participants to comply with such a requirement?</p>	<p>Significant changes to a project may need to be captured for a change in the Generator Performance Standards, modelling and/or supporting documentation. In addition, changes to ownership of a project, technology details or timing all factor into the viability of a project and are all important. Therefore, it is critical that intending participants maintain up-to-date information with both the NSP and AEMO. Active projects should ensure that all relevant parties are equally informed about changes. This includes different work groups within the NSP or AEMO as relevant.</p>
<p>(b) Should such a requirement also be extended to new project proponents that are not intending participants?</p>	<p>As suggested in our response to question 6(a), it is important that projects have accurate and relevant information available for the NSP and AEMO, therefore this requirement should extend to new project proponents that are not intending participants.</p>
<p>(c) The AEC propose that AEMO is notified of any changes to projects within ten business days – do stakeholders have any views on this timeframe?</p>	<p>No comment.</p>
<p>(d) Is there information that would be more important to notify AEMO of as it changes e.g. what would be considered core project data?</p>	<p>For the avoidance of doubt, a clear definition of project data types and the update timeframes should be available.</p>
<p>(e) Do stakeholders consider that an online portal, as described above, would be useful?</p>	<p>Energy Queensland agrees that an online portal would be useful to the extent that it minimises effort for all parties. It would be helpful if information can be standardised to minimise effort by the proponent and avoid errors in collection between the NSP and AEMO.</p>

Issue 7: Publication of Data by TNSPs

<p>(a) Do stakeholders have any views on the information that TNSPs are proposing to disclose? Should additional information be required to be disclosed? Is any of this information not relevant?</p>	<p>As noted in the introduction to this submission, there is a significant amount of generation also connecting to the distribution network, particularly in Queensland. As at the end of March 2019 quarter, Energy Queensland had 29 committed projects in construction with 1.1GW of total capacity. A further 116 projects are also in various stages of the application process worth a total of 4.5GW estimated capacity. As such, it would seem appropriate that the requirement to disclose this information should also be placed on DNSPs.</p> <p>Notwithstanding, it has been Energy Queensland's experience that collaboration amongst generators has been challenging from a practical perspective. Energy Queensland is interested to understand if generators perceive that the increased transparency is likely to improve their ability and desire to collaborate with other generators.</p>
<p>(b) Would this information be helpful to proponents and generators in helping them to coordinate developments?</p>	<p>As noted in our response to question 7(a) above, Energy Queensland suggests that the requirement to disclose information should also be placed on DNSPs, given the significant amount of generation connecting to the distribution network.</p> <p>This requirement may change the 'churn' which is currently experienced due to unanticipated changes in other project statuses.</p>
<p>(c) Do stakeholders consider TNSPs TAPRs are the appropriate place for the above information to be published?</p>	<p>Energy Queensland suggests that it may be more appropriate for NSPs to provide this information to AEMO who could in turn provide this information in their Interactive Map.</p>
<p>(d) Do stakeholders consider there may be unintended consequences of publishing this information?</p>	<p>There are currently a number of projects which proceed through to application, obtain approvals for negotiated access standards and system strength remediation schemes in accordance with clauses 5.3.4A and 5.3.4B of the NER, but do not proceed. Early prior knowledge of the existence of these projects may dis-incentivise other generators from pursuing connection in that area. There may also be additional consequences in terms of commercial risk.</p> <p>We suggest consideration is given to what would be the most appropriate stage of a project to require publication. Listing every enquiry may stifle interest in market investment due to a perceived lack of opportunity if the information is not kept highly accurate. As an example, Energy Queensland's DNSPs receive many preliminary enquiry requests for the same general location, with very few proceeding.</p>

Issue 8: Publication of Data by TNSPs

(a) Do stakeholders consider the connection enquiry stage is an appropriate time for the information to be published?	Energy Queensland notes there is a significant drop off between enquiry and proceeding to application and then connection. As such, we suggest that the submission of an application may be more reasonable, as projects are much more firm by that stage. This information would be useful for not only other intending generators, but other NSPs as well. Any earlier information may need to be very actively managed and adds significant administrative burden to speculative projects.
(b) Do stakeholders agree with Energy Networks Australia's statement that basic connection information is not commercially sensitive?	Energy Queensland broadly agrees that basic connection information is not commercially sensitive. Council websites often have information regarding land use applications, therefore some key information can already be found publically.

Issue 9: Cooperation amongst Generators

(a) Do stakeholders consider the publication of data by TNSPs, as proposed by Energy Networks Australia, will assist generators to coordinate with each other?	While we support the publication of data to facilitate better coordination between generators, we note there are many variables and as such, notwithstanding the publication of the proposed data, there may be remaining issues making coordination challenging. A proposed change to the MLF framework should also address some of the concerns about the forward-looking nature of the current MLF framework.
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Issue 10: Confidentiality Provisions

(a) What are stakeholders' views on the proposed changes to confidentiality provisions?	No comment.
(b) Do stakeholders think any of the information listed above is likely to be commercially sensitive?	No comment.

Issue 11: Confidentiality Exceptions

(a) Do stakeholders have any views on the current confidentiality exceptions?	No comment.
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Issue 12: AEMO's Generation Page

(a) Should AEMO be required under the NER to maintain the generation information page?

AEMO can only update the generation information page with information that they receive. As such, any obligation for AEMO to publish information should be matched with the obligations of NSPs.

(b) Should AEMO be required to update the generation information page on a regular basis? And if so, how frequently, e.g. monthly, bi-monthly or quarterly?

While construction of renewable energy projects can occur in a number of months, the connection process itself, especially where a *full assessment* under clause 5.3.4B of the NER applies, generally takes much longer. Energy Queensland suggests quarterly updates should provide sufficient information to the market.