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23 May 2019

Mr John Pierce AO
Chair
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

By on-line submission

Dear Mr Pierce

AEMC Consultation Reference ERC0257
Transparency of New Projects

Walcha Energy is pleased to submit the attached submission to the AEMC consultation on Transparency of New Projects.

As a major developer of new renewable energy projects with capacity of several thousand MW located in the New England Renewable Energy Zone, Walcha Energy strongly supports rule change proposals to very substantially increase the visibility of new projects, and also to facilitate developer access to the technical information required for the preparation of connection applications.

Revisions of the Rules to achieve this increased transparency is an essential requirement at this time when hundreds of projects are being developed and progressing to registration as Market Participants.

Yours faithfully,

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Transparency of New Projects

AEMC Consultation Reference ERC0257

Submission by Walcha Energy Pty Ltd

Walcha Energy

1 Walcha Energy Project

Walcha Energy Pty Ltd is developing renewable energy resources of the Walcha Plateau within the New England Renewable Energy Zone in New South Wales. Walcha Energy proposes to establish a REZ hub south of Uralla to connect 2,100MW of renewable energy. This is made up of 1,400MW of wind generation and 700MW of solar generation, located predominantly north of the township of Walcha, with connections targeted in 2022 and 2023.

Solar and wind conditions on the Walcha Plateau will permit up to 50% more generation capacity to be developed and connected at the Uralla Hub than the combined line ratings of TransGrid's transmission lines 85 and 86 which Walcha Energy proposes to turn into the hub. In addition to the Walcha Energy developments, several other developers have projects on the Walcha plateau and Walcha Energy has invited other developers to consider the advantages of connecting at the Uralla Hub. It has also been proposed to AEMO and to a current RIT-T process that the Uralla Hub should be further developed as the main grid hub for northern New South Wales.

Subsequent Walcha Energy developments located south of Walcha include more than 2,000MW of wind generation and prospectively a substantial pumped hydro energy storage scheme on the southern escarpment of the plateau. The PHES is the subject of a current feasibility study in conjunction with Tamworth City. It has been proposed by Walcha Energy that the expansion of NSW – Qld transfer capacity be routed through the Uralla Hub and include *as its first new line* a major double circuit connection from the hub to the Hunter Valley, distant only about 170km.

General information about the Walcha Energy Project has been disclosed to the public on the website **www.walchaenergy.com.au**. The Walcha Energy Project is outlined within Walcha Energy's submission to the RIT-T process on *Expanding QLD – NSW Transmission Transfer Capacity.* That submission has been published with permission on the Powerlink Queensland website and the TransGrid website. AEMO has published Walcha Energy's submission to its 2019 Planning and Forecasting consultation so the above is all public information.

2 Transparency for Intending Participants and Developers

2.1 The Need for Greater Transparency

Walcha Energy recognises the requirement detailed in the proposals for change that Registered Participants, Intending Participants and developers have access to sufficient information about proposed future generation and major load connections. Gaps in such information need to be closed as far as reasonable practicable, to ensure information transparency for the competitive spot market and the entitlement to access the information needs to be broadened.

This applies to two classes of information:

- Planning and forecasting information is required for commercial decision-making

- Power system models and snapshots for system studies need to be available to developers of NEM assets as well as Registered and Intending Participants.

The experience of Walcha Energy reflects the observation, made by the Electricity Networks Association in their Rule Change Request, that at present the connection of other generators in the same proximity cannot be coordinated by TNSPs, which could achieve a more efficient solution. From the developer perspective it is submitted that in appropriate cases a coordinated development will also:

- reduce commercial risks to investors,
- deliver a national grid that is easier to operate,
- provide a NEM that is easier to dispatch, and
- reduce the impacts of outages on connected Generators.

Walcha Energy strongly supports proposals to increase the transparency of proposed connections, especially Generator connections. The AEMC consultation paper sets out in section 4.4.1 *Achieving the NEO* the relevant aspects of the National Electricity Objective in terms of efficient investment operation and use. Walcha Energy considers that improved transparency clearly supports these aspects of the NEO under current market conditions.

In 2009 the AEMC formed the view that there was sufficient transparency in the NEM and therefore did not consider Grid Australia's proposal to include a new clause that would allow NSPs to disclose basic generator information in respect of an application to connect. Due to the current rapid transformation of the NEM, Walcha Energy considers that a much greater transparency is now required than that proposed by Grid Australia in 2009, that potential synergies from information sharing are critical to system planning functions, opportunities for mutual benefit through sharing of information and collaboration have greatly increased, that risks to developers and investors arising from the lack of visibility of other projects are far greater in impact than any loss of confidentiality from the sharing of information now proposed. Consequently the 2009 decision has no relevance to today.

2.2 Publication of Connection Enquiries

The following suggestion is made in respect of the publication of Connection Enquiries.

NSPs should be required to keep a register of high voltage connection enquiries they are processing. Enquiries for HV connection that have a capacity greater than an appropriate lower limit, perhaps 30MW for generators, shall be provided to AEMO for consolidated publication on its website in groups for each calendar month. The NSP shall also provide for each month the aggregate of HV connection enquiries it is processing that are smaller than the lower limit for individual listing. A set of basic information on such registered connection enquiries and an aggregate of smaller enquiries for high voltage connection received in each calendar month shall be provided. in Region groups

For each such enquiry the basic information must include:

- Name and contact details of enquirer
- Proposed generation capacity
- Type and technology of connection
- Proposed location (or alternative locations) of the connection
- Proposed connection date
- Status of enquiry.

AEMO shall publish a consolidated table of the connection enquiries received for processing by the NSPs in monthly and region groups. The listing shall cover the previous three months and shall be updated each month.

Where enquiries are deemed by AEMO to be so significant that they should be included in AEMO's Generator Information at the connection enquiry stage, AEMO should be able to require the submission of appropriate generator information for consideration in its planning functions, and a set of essential information to be made public in the data sets.

2.3 Registration of Proposed Developments and Connection Applications

It is essential that Intending Participants with generation or energy storage projects, have access to all the information necessary to enable a valid connection application to be submitted. The recent publication by AEMO of NEM Generator Maps is a most welcome development, however, as submitted in the rule change proposals, that it is not sufficient unless supported by the capacity to issue all the data necessary for a connection enquirer to undertake the required steady state, contingency and dynamic system studies. It is therefore essential that the rules be changed to enable connection enquirers who are not Intending Participants themselves but rather are developers intending to transfer their project to a Participant to function in this space.

The ACCC has identified a need to diversify the ownership of Market Generators and it is imperative that the provision of data to enable connection applications from new entrants be placed on an equal footing with applications from existing Generators who are already Registered Participants.

The proposal from the Australian Energy Council highlights the importance of the elimination of gaps in the disclosure of information needed by a competitive spot market. This concern is clearly vital and supported, but from a developer's viewpoint it is not necessary for the same disclosure obligations to apply at all stages of project development.

At an earlier stage a suite of lesser obligations should apply to developers who are proceeding towards a connection application. This previous section suggests an even less demanding regime for connection enquiries. A systematic way to recognise appropriate players and their projects with varying disclosure obligations is required.

One way to achieve the above would be to list Connection Enquiries, to register intending connection applications as Registered Developments, and to maintain a Register of Connection Applications. This would overcome problems that might flow from broadening the compass of Intending Participant further than it can sensibly reach.

To implement the registration of developments it would be necessary to make it obligatory for developers who resolve to proceed with a Connection Application, based on a connection enquiry response, to register their development with AEMO at least 3 months prior to submitting their Connection Application. An appropriate data set should be defined, submitted to AEMO, and published in AEMO's Generator Information. Prior to such registration AEMO should have the power to require significant developments to submit a data set appropriate to its planning and forecasting functions for publication as intending generator information.

In the case of Connection Applicants who have completed their connection studies, fully defined their proposed development, and are submitting their connection application and generator models, it is submitted that the gaps identified by the AEC should be addressed,

broadly in the manner proposed by AEC. Any application that has been so lodged and has been accepted as complete, should be entered into a Register of Connection Applications published by AEMO, and its milestone progress to final Registration as a Generator recorded. The AEMO register would need to record the status of the application with dates for “Received for Review”, “s5.3.4A letter issued”, “Offer to Connect”, “Offer accepted”, “Application for Registration Received”.

3 Confidentiality and Accuracy of Information

3.1 First Mover advantage

The least cost of energy from renewable energy sources is decreasing rapidly. In this context the open access grid framework of the NEM means that subsequent connections can be more competitive than first movers and the NEM operates under a regime where generators have no right to be dispatched in the wholesale market. Subsequent connections and large generator plant retirements readily lead to reductions of MLF at a generator connection point, reducing returns on investments. These risks mean that first movers can face significant disadvantages rather than advantages.

3.2 Integrated System Planning and Renewable Energy Zones

Following the Finkel Report and the introduction of Integrated System Planning by AEMO, renewable energy zones have been identified to enable grid augmentations to be focused and more cost effective. Independent development of multiple connections within a REZ can exacerbate risks. The development of hubs at which several generators connect to a shared connection switchyard can significantly reduce commercial risks as well as reduce the cost of connection infrastructure to each Generator. Hub development facilitates grid developments that enhance returns to investors.

3.3 What Information do Generators want to keep Confidential?

The consultation paper suggests at the top of page 7 that “typically do not want confidential information to be shared with others” due to competition for utilisation of the grid. But this is a *non sequitur* as confidentiality gives no protection and increases risks. Generators do want to keep certain information confidential but gain great advantages through the transparency of information of the type now proposed to be shared. The really sensitive information that intending Generators need to keep confidential on a temporary basis is information whose premature release is likely to impact on negotiations with property owners. It is imperative for developers to respect property owners and consider their views on the locations of grid and generation infrastructure.

3.4 What is public domain information?

Information that is published is not necessarily authoritative, especially information stated by commentators, even if it purports to be authoritative. Even information on a developer’s website may be out of date. Information published on a developer’s website or included in a press release by the developer is reasonably interpreted to be public information but should not be considered to convert confidential or protected information into public information if there is any significant discrepancy against the (previously) confidential and protected information provided to the NSP or to AEMO.

3.5 Updating of Information

Where generator information is published by AEMO or the TNSP, the need to ensure it meets accuracy requirements must be considered. AEC has proposed requirements for updating of information provided to NSPs and /or to AEMO. This is appropriate for the later stages of a development. However updating requirements should not be unduly excessive in the early stages of project development. Guidelines should be provided by the TNSP or AEMO (as applicable) as to what constitutes a significant change that must be reported. For example, a variation of expected generator nameplate capacity at a stage prior to development approval and the lodgement of a Connection Application might not be considered significant if it did not exceed the greater of (say) 15MW or 10% of total rating, whichever the greater.

4 Issues for Consultation

The consultation questions of the Consultation Paper are addressed concisely in Table 1 with cross references to relevant remarks in this submission where appropriate..

Table 1 Comments on Issues for Consultation

No.	Topic	Walcha Energy View	Cross-reference
1	Assessment Framework	Agreed. However it is proposed that the needs of the current NEM transformation outlined in the Background chapter of the consultation paper be explicitly addressed. Note the contribution of Renewable Energy Zones to efficiency of grid investment, and the potential in some zones for substantial benefits to be achieved in cost reductions and investor risk reductions through consolidating multiple connections at a hub.	Section 2.1
2	Information Provision for Developers	Provision of essential information to developers and new entrants is a critical requirement for market development, transformation and wholesale price reduction. Stringent confidentiality agreements will be required in some cases and alerts given highlighting potential consequences of misuse.	Section 2 generally, sections 2.1, 2.2, 2.3. Especially note section 2.3, para 2.
3	New Business Models	The confidentiality agreement with SPVs etc will need to include ring-fencing of access to sensitive information.	No further comment
4	Timing of Information Provision	Registration in some form must be undertaken before issue of Snapshots and releasable models. High level information on projects should be made public from the connection enquiry stage. Progress through project milestones should be made public for developments actively proceeding.	Section 2.2. Section 2.3, paras 5, 6, 7
5	De-Registration	If a new category of registration as Registered Developments is adopted, this will need to be integrated in respect of de-registration provisions. Project development approvals, suitable milestones in the connection application process and commercial contract milestones are all relevant as tests of active progress.	No further comment
6	Notification of Project Changes	The requirements of “Registered Developments” must include compliance with project progress and project change notifications.	Section 3.5
7	Publication of Data by TNSPs	The large TNSPs such as TransGrid and Powerlink are well placed to publish lists	AEMO is proposed as publisher of

		of project progress data but would not have access to all relevant projects as relevant projects are embedded, even projects connecting more than 100MW capacity. Notifications by all TNSPs to AEMO for consolidated publication would eliminate omissions at a modest cost.	project data in sections 2.2 & 2.3.
8	Publication of Connection Enquiry Data by TNSPs	Walcha Energy supports the publication of basic connection enquiry data and enquirer contact details. Some existing Generators and developers will regard even basic data as sensitive but Walcha Energy contends that those sensitivities are concerned with avoidance of stronger competition, do not align with the NEO, and should be disregarded.	Section 2.1, p3, final paragraphs. Section 2.2, pp3-4. Sections 3.1 & 3.3
9	Cooperation Amongst Generators	Walcha Energy endorses the issues raised in Box 3 and considers that additional transparency will facilitate cooperation amongst Generators to their mutual advantage. There has never been a time like the present when the potential benefits of transparency are so great and so critical to achievement of the NEO.	Section 1, para 2. Section 2.1, p3.
10	Confidentiality Provisions	Walcha Energy draws attention to the need to define criteria for recognition of publication of information as being prima facie sufficiently authoritative to thereafter consider previously confidential and/or restricted data to be deemed to have become public data. The 7 dot points leading to Q10 should not be considered confidential data – see Q8 above.	Sections 3.3 & 3.4 Section 2.2, pp3-4
11	Confidentiality Exceptions	The current confidentiality exemptions are far too narrow for the present state of NEM evolution and transformation. However the consent requirement must remain in respect of the release of Generator models in advance of a final Releasable Model being agreed with AEMO.	No further comment
12	AEMO's Generation Information Page	Walcha Energy welcomes the enhanced generation information page and considers it essential during the present market transformation that it be updated on a regular and frequent basis, at least every quarter. The revised requirements for APRs are also significant.	No further comment