

18 April 2024

Anna Collyer
Chair
Australian Energy Market Commission

Lodged online: www.aemc.gov.au

Dear Ms Collyer,

Enhancing investment certainty in the R1 process – Draft Determination

Origin Energy Limited (Origin) welcomes the opportunity to provide feedback to the AEMC's Draft Determination on the rule change request to enhance investment certainty in the R1 process. The draft rule will improve clarity of the R1 process and make negotiating generator performance standards (GPS) easier in some instances. The Commission should consider further changes, such as more prescriptive timeframes for assessing applications and additional flexibility when negotiating GPS, to promote certainty and more fully address the challenges of the R1 process.

Origin considers the draft determination:

- Makes incremental improvements to the R1 process which will provide additional clarity to applicants, such as formalising the commencement and conclusion of the process.
- Will remove some of the barriers to renegotiating GPS through the proposed clarifications of the 'no less onerous' clause¹ to allow more flexibility in how it is applied.

However, we consider that the draft rule does not fully address the uncertainty and inefficiency of the R1 process. Applicants would still be required to undertake extensive modelling repeatedly and with unclear timeframes for resolution in many cases. Some of the unintended consequences of the existing framework, such as disincentivising renegotiations for existing plant in some circumstances, even when this would have no adverse impact on the power system, would remain. As noted in our submission to the consultation paper, these issues generally delay projects, and the risk of milestones being missed due to uncertainty in the R1 process is difficult for investors to manage.

Origin acknowledges that there is broader work under way to examine potential changes to the connections process, some of which may help to address the concerns we raise above. To that end, we will continue to engage with the relevant processes, such as the Connection Reform Initiative, as appropriate. However, we suggest the Commission should consider further changes that would be within the scope of this request, to more fully address the original problem statements, in addition to other initiatives.

We provide further information on two potential areas where further amendments could be made below. We also suggest the Commission consider the other changes recommended by the Clean Energy Council (CEC) in its submission. We would support these changes to the extent that they improve certainty and clarity of the connections process.

The final rule should introduce prescriptive timeframes throughout the R1 process to provide certainty

The final rule should include an overall timeframe within which the Network Service Provider (NSP) / AEMO would be required to complete the application. In addition, it should include:

- a timeframe for validating the application, i.e. confirming that the data package is complete and the NSP / AEMO can and will commence its assessment.

¹ Clause 5.3.4A (b) (1A)

- a more prescriptive timeframe (i.e. within a certain number of business days) for the NSP / AEMO to provide justification for additional data requests, rather than the proposed “within a reasonable period”.

These timeframes could be accompanied by ‘stop the clock’ provisions if necessary, such as if a significant amount of additional information is needed. Prescriptive timeframes around these critical steps in the R1 assessment process, even with ‘stop the clock’ provisions, would provide more certainty to applicants and support timely connections.

The final rule should include more flexibility for renegotiating generator performance standards

While the draft rule introduces some flexibility, this does not fully address the unintended consequences caused by prescription of the ‘no less onerous’ requirement, such as situations where an existing plant seeks to renegotiate its GPS to a standard that is not as close as practicable to the existing standard, even though this would have no adverse impact on power system. This could, for example, occur when retrofitting an existing plant with a battery or changing a grid-following inverter to a grid-forming one.

We therefore support in principle further changes to the clause aimed at providing more flexibility around the ability to renegotiate GPS where this would not have an adverse impact on the power system to minimise these unintended consequences. In making its final decision, the Commission should consider the recommended changes to the ‘no less onerous’ clause made by the CEC in its submission.

If you wish to discuss any aspect of this submission further, please contact me at Sarah-Jane.Derby@originenergy.com.au or on 02 8345 5101.

Yours Sincerely,



Sarah-Jane Derby
Senior Manager, Regulatory Policy