

Transmission Connection and Planning Arrangements – Draft determination

Stakeholders invited to comment on draft rule

The AEMC has made a draft rule to amend those aspects of the National Electricity Rules that relate to the arrangements for transmission connections and planning, in response to a rule change request from the COAG Energy Council. Submissions are due on 27 January 2017.

The draft rule

The AEMC has made a draft rule to amend the arrangements by which generators, large loads, market network service providers and distribution networks connect to the transmission network, and the arrangements by which transmission businesses (TNSPs) plan their networks. The changes will provide for a comprehensive and coherent transmission connection and planning framework in the National Electricity Market (NEM).

The draft rule is a more preferable draft rule, but is broadly consistent with the intention of the proposals put forward in the COAG Energy Council's rule change request.

Transmission connection arrangements

The draft rule provides more choice, control and certainty for connecting parties, while at the same time making it clear that the incumbent TNSPs are accountable for a reliable, safe and secure network. Specifically, the draft rule:

- better **defines** the assets and services required to facilitate a connection to the transmission network (described in attachment A);
- improves the **clarity** of the transmission connection process (summarised in attachment B);
- introduces **competition** for the provision of some of the services required to facilitate a connection to the transmission network;
- makes it clear that incumbent TNSPs have responsibility for the control and operation of the shared transmission network, which promotes a **reliable, safe and secure network** for consumers;
- requires TNSPs to publish more **information** about how to connect to their network, and provide certain information to connecting parties on request;
- strengthens the **principles** that underpin negotiations between connecting parties and incumbent TNSPs;
- introduces a formal ability for either party to engage an **independent engineer** to provide advice on the technical aspects of a connection; and
- clarifies the process that applies to **disputes** about transmission connections.

Transmission planning arrangements

The draft rule seeks to enhance the efficiency of existing planning arrangements and promote a more coordinated approach to transmission planning. Specifically, it:

- requires TNSPs' annual planning reports to include **information** about network constraints, load forecasting methodologies and changes since the last report;
- requires the AER to develop a guideline to support **consistency** across annual planning reports; and
- requires TNSPs to undertake **joint planning** on investments in other transmission networks to deliver market and reliability benefits in their own network.

Application of the draft rule in Victoria

The arrangements for transmission connection and planning are different in those jurisdictions where AEMO is authorised to exercise declared network functions, i.e. Victoria. In Victoria, the functions undertaken by TNSPs in other jurisdictions are split

The draft rule will provide for a comprehensive and coherent transmission connection and planning framework for the NEM.

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between AEMO and declared transmission system operators (DTSOs). AEMO is accountable for the provision of the shared network, procuring services from DTSOs (such as AusNet Services), who own and operate the shared network assets.

The AEMC is of the view that the scope of the rule change request does not include consideration of the application of the draft rule to AEMO's declared network functions. The transmission connection aspects of the draft rule would therefore not apply in Victoria.

However, the COAG Energy Council asked the AEMC to provide advice on whether aspects of the rule change could be adopted in declared network jurisdictions with some modification. The draft determination sets out the AEMC's view on the changes that could be made to the connections framework for declared network jurisdictions to be more consistent with those in the rest of the NEM.

The transmission planning aspects of the draft Rule will apply in Victoria. AEMO is the jurisdictional planning body in Victoria as part of its declared network functions. The new obligations on TNSPs set out above would therefore apply to AEMO.

Background

The rule change request, submitted by the COAG Energy Council, is based on recommendations made by the AEMC in the Transmission Frameworks Review.

The AEMC's findings in the Transmission Frameworks Review and stakeholder input on this rule change request to date have highlighted a number of issues with the current rules.

As a result of these issues, connection experiences and outcomes can be unpredictable, unnecessarily complex, lengthy and costly, and may vary across transmission network boundaries.

The Commission's proposed changes to the connection framework will:

- remove the scope for differing interpretations by connecting parties and TNSPs;
- encourage TNSPs to provide connection services in a more cost effective, transparent, and timely manner; and
- give connecting parties a stronger ability to negotiate better connection outcomes with the incumbent TNSP.

The last decade has seen a rise in the number of parties connected to the transmission network, most notably new wind generators and gas facilities. With falls in technology costs and policy drivers such as the Australian Government's large-scale renewable energy target, an increasing number of new generators and loads are expected to connect to the transmission network. It is therefore important that the connection framework is fit for purpose.

With respect to transmission planning, while the existing planning process is effective, there are a number of measures that could be undertaken to enhance the efficiency of these arrangements and promote a more coordinated approach to transmission planning.

Consultation and next steps

The draft determination and draft rule are available on the AEMC's website. Stakeholders are invited to make written submissions by 27 January 2017.

A paper outlining the AEMC's proposed transition to the new arrangements, and associated draft rules, will be published for stakeholder consultation on 12 January 2017.

A final determination and final rule is due to be published on 9 March 2017.

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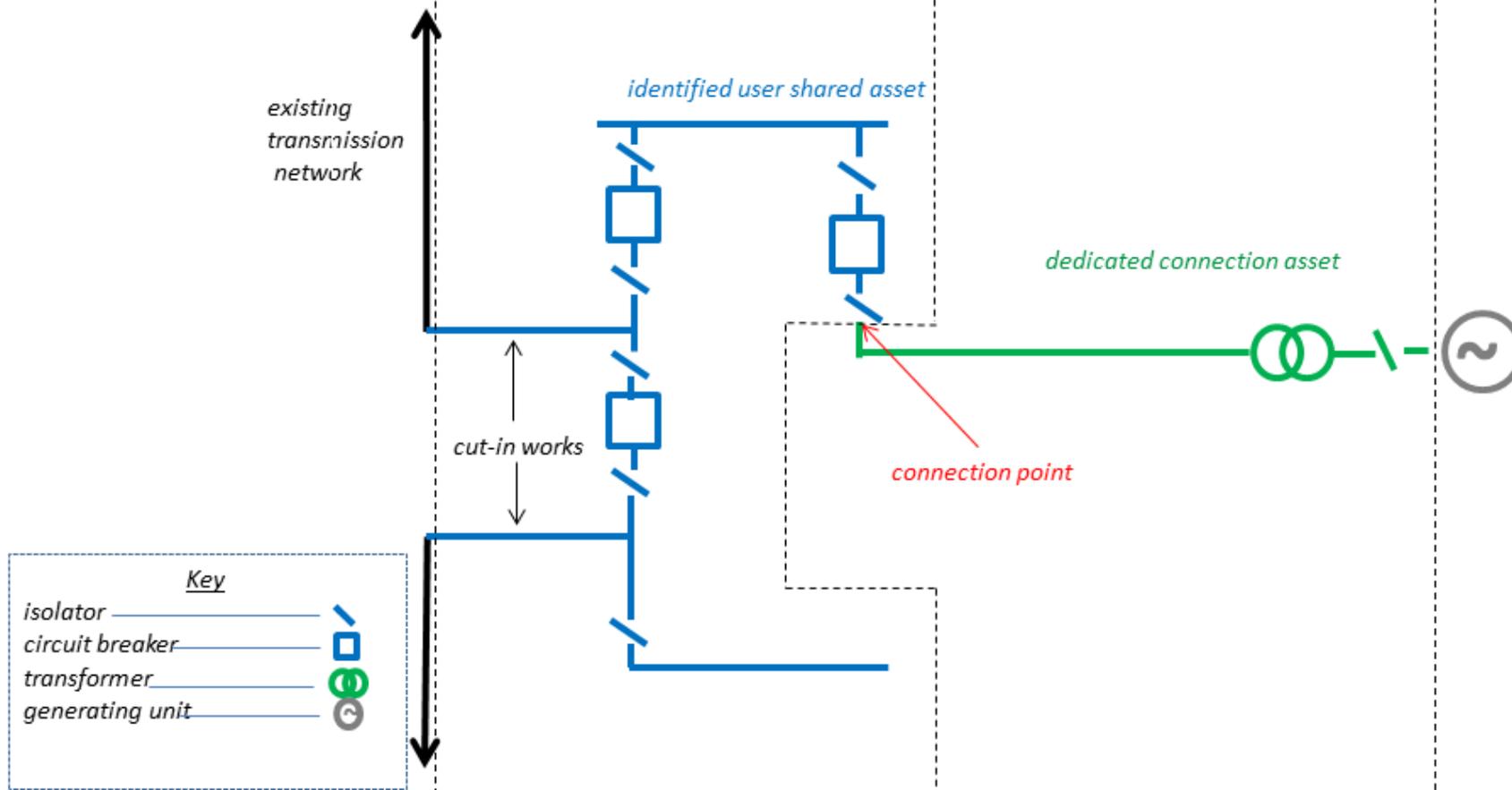
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Transmission service classification under the draft rule

Services	Shared Transmission Network	Identified User Shared Assets (part of shared transmission network)	New Dedicated Connection Assets	Connecting Party Facilities
Detailed design, construction and ownership	Primary TNSP (as a prescribed service)	If it meets contestability criteria: Connecting Party (as a non-regulated service) If it doesn't meet contestability criteria: Primary TNSP (as a negotiated service)	Connecting Party (as a non-regulated service)	Connecting Party i.e. generator, load or MNSP (as a non-regulated service)
Functional specification, Operation and maintenance (control)		Primary TNSP (as a negotiated service)		



Transmission connections process under the draft rule

