

Session 2

The connection process



The rule change request

“The objective of the connections framework is to deliver efficient connections services to those parties seeking to connect to the transmission network.”
– COAG Energy Council

The rule change request states that a connections framework should:

- facilitate **timely, technically appropriate** and **cost-reflective** connections;
- promote **transparency** in the connection process, including transparent information on standard designs and costs;
- facilitate **effective negotiation** between connecting parties and TNSPs so that the terms of a negotiated connection service are fair and reasonable and maximise the efficiency of outcomes; and
- incorporate a **robust dispute resolution** process, including the ability to obtain an independent review of the technical requirements in the connection process.

Proposed changes to the connection process

1. Clarity

- Make the NER transmission connection arrangements clearer and simpler
- Better link the NER service classifications with the assets underpinning their provision
- Introduce two new definitions: dedicated connection assets and identified user shared assets

2. Transparency

- Require TNSPs to:
 - publish information about the specifics of connecting to their network on their websites; and
 - provide certain information to the connection applicant on request

Proposed changes to the connection process

3. Effective negotiation

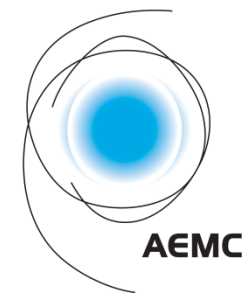
- Revise and strengthen the NER principles that underpin the provision of negotiated services and introduce new 'negotiating rules' to govern negotiations

4. Technically appropriate connections

- Introduce an ability for either the connecting party or TNSP to engage an independent engineering expert to provide advice on technical issues

5. Robust dispute resolution

- Clarify that the Chapter 6A commercial arbitration process applies to the resolution of disputes about the negotiation of a connection service



Session 2 cont.

Dedicated connection assets



What are Dedicated Connection Assets?

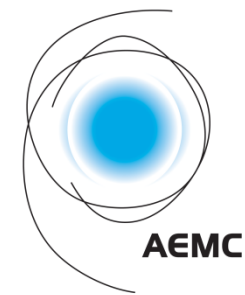


- **Purpose** – Developed and constructed for the purpose of connecting an identified user group to an existing transmission network
- **Use** – Used exclusively by the relevant identified user group
- **Payment** – Costs of design, construction, operation and maintenance are paid for by the identified user group

Proposed changes

We propose to:

- Clarify that all services for these assets can be provided contestably, ie economically unregulated
- Require owners of dedicated connection assets to be registered with AEMO
 - A new sub-category of registration would be established – the *dedicated transmission connection asset owner* – to which a limited set of obligations applies
 - Arrangements for third party access to these assets would be a condition of registration
- Establish a mechanism, set out clearly in the NER, for how dedicated connection assets would be transitioned into the shared network

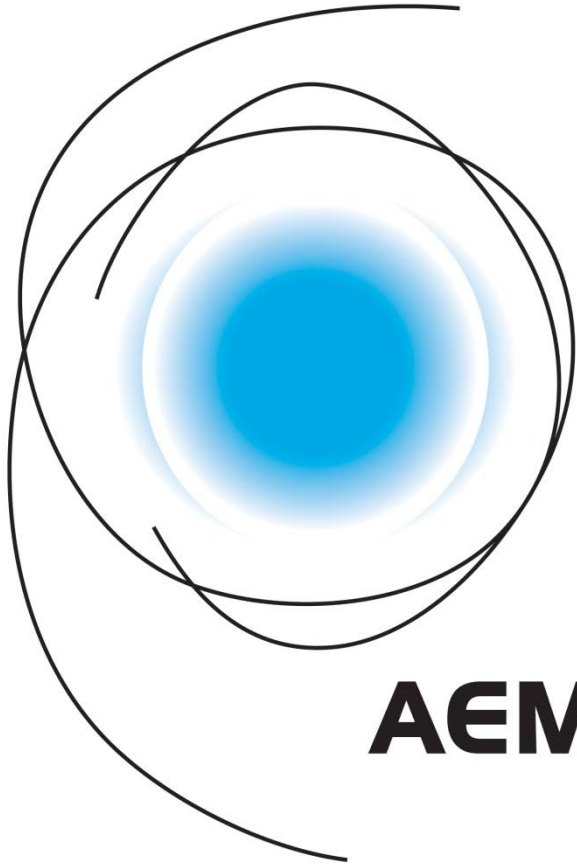


Next steps



Project timeline

Item	Date
Discussion paper published	26 May 2016
Public forum (Sydney)	16 June 2016
Submissions close	30 June 2016
Additional workshops	July-September 2016
Draft rule determination published	24 November 2016
Final rule determination published	2 March 2017



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