



AEMC Forum  
Transmission Frameworks Review  
12 December 2012

**Connecting Generators to the Network**

Merryn York  
Chief Executive, Powerlink Queensland

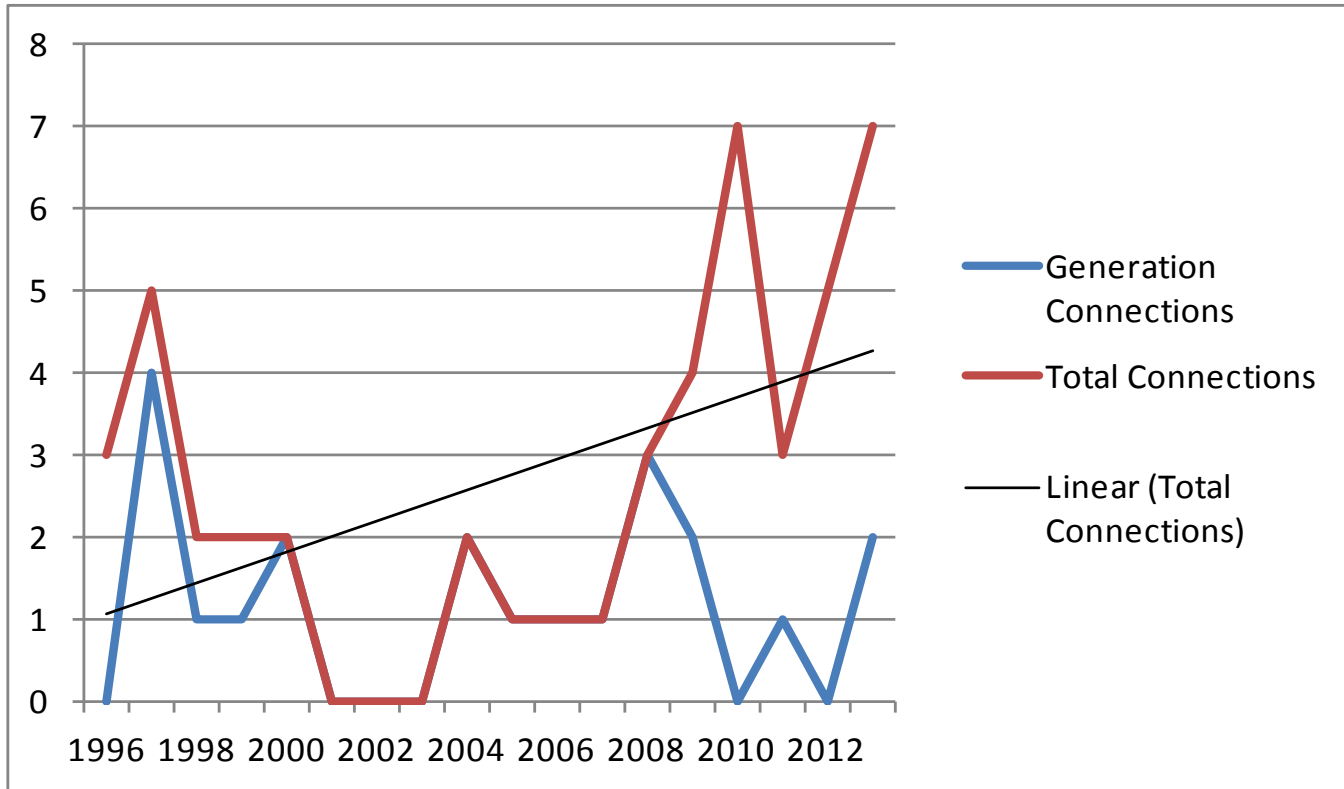


- The First Interim Report finds there is a case for change based on submissions made.
- Grid Australia acknowledges that connecting a large generator (load) is a complex process.
  - Each connection process is bespoke
- Concerns around definitions of services in the Rules.
  - Implemented by AEMC in 2006 with extensive consultation.
- Generator submissions are thin on other substantiating detail or examples where problems are occurring.
  - In these areas findings do not meet the AEMC's usual high standard to establish the case for change and match the solution to the problem.

- Grid Australia TNSPs have a common and flexible approach to connections
- TNSPs must deal not only with an Applicant's wants and timeframes but also the needs of the system in arranging a connection
  - Technical standards
  - System security requirements

- Three party arrangements in Victoria are even more complex
  - Additional institutional complexity
  - Additional contractual complexity (which party provide assets/services)
  - risk complexity – allocation of obligations and liabilities among the parties

## Powerlink's Experience of Connection Activity



Evidence of numerous successful negotiations of commercial terms to meet specific needs of different customers

- Powerlink has dealt with many generators (and loads)
- Every generator (and load) has had different commercial drivers and requirements
- Those factors are negotiated into unique combinations of terms for connection and access agreements:
  - Liquidated damages
  - Force majeure
  - Technical layout
  - Liability
  - Counterparty risk
  - Form of security
  - Delivery times, etc.

- Current NER deliberately set up with
  - Connection obligations at the point of connection, and
  - flexible commercial arrangements to suit the specific needs of a particular generator or load
- Question is balance of :
  - common approach for things which are obligations (codified)
  - flexibility for the rest through commercial arrangements
- AEMC considering extending obligations as well as codifying matters which are currently handled through commercial negotiation.
- Need the detail to assess which should be in which category.

Connecting parties almost always have concerns about timeframes, efficiency and access to information

## Timeframes/Efficiency?

An easement needs to be acquired:

- whether the Applicant is 10km or 100km from the network  
Powerlink standard program is 36 months to acquire an easement

Design and construction of the assets to provide the services:

- that can take 24 months

Reality?      Or imbalance of bargaining power?



## Access to information?

TNSPs negotiate to provide services:

- generators are complex energy sector businesses with access to legal, technical and commercial expertise
- Bargaining power and information are more evenly distributed than generators are claiming

Real evidence is yet to be produced regarding which aspects of the connections negotiation framework have a genuine imbalance of bargaining power

- Without it, the proposed solutions are not appropriately targetted.

- Generators' submissions are light on specifics to support claims regarding the negotiations.
- Grid Australia encourages the AEMC to delve deeper to confirm the real issues and appropriately target solutions.
- Connections will always be complex.
- TNSPs will keep seeking to improve its management.
- Generators and loads need to consider whether they want a prescriptive or commercially flexible framework for settling connection and access agreements.