



Connection to dedicated connection assets

Overview of the rule change request

The Australian Energy Market Commission (AEMC) has commenced consultation on a rule change request submitted by the Australian Energy Market Operator (AEMO). The rule change request seeks to clarify the current arrangements for transmission connections through a Dedicated Connection Asset (DCA). AEMO considers the current DCA arrangements to be unworkable with regard to the application of key requirements and obligations under the National Electricity Rules (NER) where multiple parties, i.e. generators and/or large energy users, connect to the same DCA.

Background

The AEMC's 2017 *Transmission Connection and Planning Arrangements (TCAPA) Rule* introduced DCAs as a defined term. DCAs are privately owned and operated connection assets that provide the services required to connect a party to the shared transmission network. A DCA connects a party to the shared transmission system at a single connection point and can be isolated from electricity flows on the shared transmission network, e.g. the power line that connects parts of a substation to a generating system.

The NER and the relevant processes, procedures and systems build on the assumption that responsibilities and obligations can be allocated to one financially responsible market participant (FRMP) at a connection point with a metering installation. Accordingly, under the current arrangements only one FRMP is assigned to the single DCA connection point, even if multiple facilities are connected to a DCA.

The party who owns, operates or controls a DCA is called a Dedicated Connection Asset Service Provider (DCASP). A DCASP must classify its DCA as either 'large' (30km or longer) or 'small' (shorter than 30km). Currently, only large DCAs are subject to a third party access regime, through which parties can negotiate access to the services provided by a large DCA.

Issues for consultation

The rule change request raises a number of issues that are further explained in the consultation paper. These include:

1. **Connection of multiple facilities through a single DCA connection point**, creating the following issues:
 - *Shared performance standard*: Difficulties with negotiating and enforcing an overall performance standard for all connected facilities at the DCA connection point.
 - *Metering installation*: Absence of a metering installation for each connected facility leads to settlement issues, e.g. TUOS calculations.
 - *Calculation of transmission losses*: Inability to determine Marginal Loss Factors (MLFs) for individual generators.
2. **The DCA access framework**. AEMO has requested the AEMC to revisit the appropriateness of the differentiation between 'small' and 'large' DCAs.

AEMO's proposed rule seeks to ensure each party is connected through its own connection point. Creating individual connection points at the point where a facility connects to a DCA would enable the application of key NER requirements and obligations to each connected party. Stakeholders are invited to comment on these and other issues.

Interaction of the rule change request with other work streams

There are a number of concurrent initiatives that are likely to have interactions with AEMO's rule change proposal. These include AEMO's Integrated System Plan (ISP), providing a whole-of-system plan for transmission system planning and development over the next 20 years, and the potential development of Renewable Energy Zones (REZs), being one major aspect of the ISP. In particular, AEMO's rule change proposal may assist the potential development of REZs, which could take the form of a cluster of generators connected to the shared transmission network through a shared DCA.

Consultation process

The consultation paper and the rule change request are available on the AEMC's website. Stakeholders are invited to make submissions by 02 April 2020.

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