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Rebecca Lawrence  
AEMC

Submitted online  
18 August 2021

Dear Ms. Lawrence

**RE: Generator registrations and connections – Draft determination**

Thank you for the opportunity to provide feedback on the draft determination for the generator registration and connections rule changes.

Enel X operates Australia's largest virtual power plant.<sup>1</sup> We work with commercial and industrial energy users to develop demand-side flexibility and offer it into the NEM's energy and ancillary services markets, the RERT mechanism, and to network businesses.

This submission sets out our responses to the draft determination. The key points are:

- We support the AEMC's decision to retain the existing scheduling threshold.
- We support the AEMC's decision to require that AEMO develop, maintain and publish guidelines on registration, classification and exemptions, and for the NER to set out what these guidelines must contain.
- We support the AEMC's decision to require that AEMO follow the rules consultation procedures when making material amendments to the registration guidelines. However, given the draft decision is to not require AEMO to consult on the initial registration guidelines, if AEMO intends to make material changes to its existing guidelines in order to publish the initial registration guidelines it would be good practice for AEMO to consult publicly on these changes.
- We support the AEMC's decision to allow AEMO to retain discretion about the information it publishes with respect to generator exemptions.

If you have any questions or would like to discuss this submission further, please do not hesitate to contact me.

Regards

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<sup>1</sup> Bloomberg NEF, December 2019.

## Threshold for classifying generators as non-scheduled

We support the AEMC’s decision to retain the existing threshold for classifying generators as non-scheduled. We agree with the reasons put forward for this decision, specifically:

- There is no evidence that non-scheduled generators between 5MW and 30MW are contributing to inaccuracies in scheduling and forecasting.
- Market conditions have not changed sufficiently since 2017 to merit lowering the threshold.
- AEMO can already impose central dispatch obligations on certain generators, if needed.
- The costs of scheduling smaller generators are material and are likely to outweigh the benefits.

We support further consideration of ways to improve the accuracy of AEMO’s dispatch and forecasting processes via the ESB’s reform agenda.

## Transparency of AEMO’s exemption and classification processes

AEMO has significant discretionary powers in relation to registration, classification and exemption, and its decisions on these matters have significant consequences for market participants. It is important that the requirements and processes for registration, classification and exemption are appropriate and clearly defined. We therefore support the following aspects of the AEMC’s decision:

- The requirement that AEMO develop, maintain and publish guidelines on registration, classification and exemptions under Chapter 2 of the NER, and for these guidelines to cover all registered participant categories.

While AEMO already publishes registration guides for the various participant categories, we see no harm in formalising this through a rule requirement. For ease of use and consultation, however, we support AEMO having the ability to publish several guidelines (e.g. one per participant category) to meet this obligation.

- The requirement that the registration guidelines include a description of:
  - the matters AEMO will or may take into account in assessing applications for registration, classification and exemption
  - the information that AEMO may require applicants to provide and information that AEMO may make available at each stage of an application process.

The more information and transparency AEMO can provide through these guidelines, particularly in relation to generator exemptions, the smoother the registration and exemption processes will be for both AEMO and the applicant.

- The requirement that AEMO follow the rules consultation procedures when making material amendments to the guideline.

As above, AEMO has significant discretionary powers in relation to registration and exemption. It is important that market participants and other stakeholders have the opportunity to provide input on any material changes to these arrangements.

We strongly agree with the AEMC that public consultation on changes to the registration and exemption guidelines will improve the quality of the guidelines, increase market participants' understanding of the process, and help market participants make better investment decisions. Consultation is also consistent with the principles of best practice regulation.

The AEMC's draft decision is to not require AEMO to consult when developing the initial registration guidelines. However, if AEMO intends to make material changes to its existing guidelines in order to publish the initial registration guidelines, it would be good practice for AEMO to consult publicly on these changes (even if not required to do so).

- The decision to allow AEMO to retain discretion about the information it publishes with respect to generator exemptions, in order to protect confidential and commercially sensitive information.