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2 April 2020

Ms Martina McCowan  
Australian Energy Market Commission  
Level 15  
60 Castlereagh Street  
Sydney NSW 2000

Dear Ms McCowan

ERC0294 Consultation Paper – Connections to Dedicated Connection Assets

Thank you for the opportunity to present Acciona's views on the consultation paper for the rule change request by AEMO associated with connections to Large Dedicated Connection Assets (DCA).

Acciona Supports AEMO's rule change proposal, which will allow parties to efficiently and effectively connect to a DCA and keep operating in the National Electricity Market (NEM) whilst still maintaining the objectives of the connections framework that is in place.

Acciona Energy is a global leader in renewable energy development. Since establishing its presence in Australia in 2002, it has developed and currently operates several large renewable energy projects throughout Australia. Our operational projects include Waubra Wind Farm, Gunning Wind Farm, Cathedral Rocks Wind Farm and Mount Gellibrand Wind Farm, with our Mortlake South Wind Farm currently under construction. Acciona is also the owner of the Macintyre Wind Farm Project that that was recently announced by CleanCo as the recipient of a 400MW power purchase agreement through the Queensland Government's Renewables 400 initiative.

The rationale for Acciona's support for the proposed rule change is set out below.

**1. CREATING INDIVIDUAL CONNECTION POINTS**

Acciona strongly believes that each of the registered participants connected to a DCA should have their own individual connection points. The current framework requires all connected parties to a DCA to negotiate one performance standard to apply at the DCA connection point which reflects the performance of all the connection assets that are connected at a terminal station classified as an identified user shared asset IUSA. The current framework also requires having one financially responsible market participant (FRMP) who would be responsible for meeting the National Electricity

Rules (NER) requirements. Where there are multiple parties connected through a DCA who have separate ownership structures, are independent of each other and who want to be independently responsible for market participation, the above concept does not work. The proposed rule change will allow multiple FRMPs to be registered at their individual connection points and metering and settlements associated with participating in the NEM would also be separated.

Under the current process, as there can only be one FRMP between all parties that are connected to a single DCA connection point, every time a new party is to be connected to the DCA, the already agreed performance standards would need to be re-opened and potentially re-negotiated. This can create significant delays as well as result in potential losses in revenue whilst the generator performance standards (GPS) are renegotiated, which is far from ideal.

The current *Rules* also lead to the point of control of the generator to be at the generator's connecting point to the DCA, whereas the GPS is registered at the connecting point of the DCA to the transmission system. Due to this, the operation and compliance management of a generator after it is commissioned can be extremely difficult. The proposed rule change will eliminate this unnecessary burden.

## **2. NEGOTIATION AND ENFORCEMENT OF PERFORMANCE STANDARDS**

The current provisions make it extremely difficult to manage the performance standards where multiple parties are connected to the same DCA (e.g. S5.2.5.1, S5.2.5.2, S5.2.5.3, S5.2.5.5, S5.2.5.11 and S5.2.5.13 contained in Chapter 5 of the NER). The proposed rule change will allow the Network Service Provider (NSP)/AEMO to assess the performance of each registered participant individually. In the event there is a non-conformance related to the performance standards, the NSP/AEMO would be able to identify and isolate the party that is non-compliant rather than isolating the entire DCA network along with every party that is connected to it. This in turn significantly reduces the financial implications that multiple generators have to face due to a disconnection or a constraint imposed by AEMO because of a single generator's non-conformance. Under the current framework, in some cases where multiple generators are connected to the same DCA, it could take a considerable amount of time (could be weeks to months) for a non-conforming generator to be identified and a solution to fix the issue to be proposed. It is unfair to force multiple connecting parties to be accountable and to be offline or to be constrained due to a fault of another generator for such a significant period of time. In addition, if a significant investigation of a non-conformance fails to identify an individual generator who is responsible and the solution requires installation of an additional equipment such as ancillary services equipment, the situation can become even more complicated as there could be lengthy delays in identifying which party is responsible for the additional costs. This eventually can become an issue for the secure operation of the power system. The proposed changes to the Rules would allow individual performance standards to be allocated to each of the parties that are connected, and the agreed performance standards would not need to be re-negotiated every time a new party wants to connect to the DCA.

### **3. TRANSMISSION LOSSES**

The proposed rule change will allow for individual loss factors to be allocated to each of the connecting parties. This provides greater clarity on Marginal Loss Factors (MLF) rather than having one MLF for all the parties who are connected at the same IUSA.

AEMO publishes MLFs on a yearly basis for every connection point. Therefore, the derivation of the MLFs at the connection point of the DCA would be reasonably straight forward as the current methodologies can be extended to the new point of connections under the proposed rule change. Furthermore, the calculations and estimations used in electrical losses are still applicable down to individual downstream DCA connection points. Having individual MLFs means the generators will be able to predict their revenues more accurately which will be an added benefit because of the increased certainty this will provide.

### **4. ACCESS FRAMEWORK**

Irrespective of the rule change, an access policy approved by the Australian Energy Regulator will need to be in place for large DCAs. The rule change will make the access policy clearer and encourage multiple parties to connect to existing DCAs whilst allowing the cost of the connection to be shared between the connecting/connected parties. By sharing connection costs, individual connection cost would significantly drop and will in turn reduce the levelised cost of energy (LCOE). This is an added advantage and can encourage more investments in the renewable energy industry, thereby supporting the National Energy Objective (NEO).

### **5. TRANSITIONAL PROVISIONS AND OTHER ISSUES**

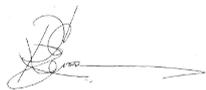
Acciona is of the view that clear transitional provisions are needed to be in place and existing DCA connections may need to be preserved to allow parties to move to the new framework where all parties that are currently connected to DCAs agree to the change.

With regards to future connections, there should be provisions put in place to allow participants who have submitted connection applications under the current arrangements to be able to be assessed under the new rules if they choose to do so. In the event that a proponent has been allocated a certain position in a connection queue by a NSP (due to large number of proponents wanting to connect to the NEM etc.), and the proponent is required or chooses to be assessed under the new rules, it is important that the NSP is required to maintain the original position in the connection queue for that proponent.

As per the information provided above, Acciona confirms it supports AEMO's proposed rule change on connections to Dedicated Connection Assets.

If you would like to discuss any aspect of this submission, please do not hesitate to contact me.

Regards

A handwritten signature in black ink, appearing to read 'Kav De Silva', with a long horizontal stroke extending to the right.

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