

12 July 2019

Essential Services Commission of SA  
GPO Box 2605  
Adelaide SA 5001

Lodged via website.

Dear Adam

**re: Licencing Arrangements in South Australia consultation paper**

ElectraNet welcomes the opportunity to provide this submission in response to the 2019 Licencing Arrangements in South Australia consultation paper. We have extensive experience with the integration of non-thermal generation into the South Australian region over many years.

The model licence conditions of the Essential Services Commission of South Australia (the Commission), which have been in place in various forms since 2005, have supported world leading levels of penetration of intermittent renewable generation in South Australia compared to demand.

We consider that the Generator Technical Performance Standards Rule Change of 2018 has substantially reduced the need for prescription in the Commission's model licencing conditions for generators.

We agree it is therefore timely to consider the need to maintain the special provisions in South Australia and, if appropriate, remove unnecessary duplication.

AEMO has correctly identified the provisions which should be amended or removed.

Without seeking to address the individual amendments recommended by AEMO we note the statement from AEMO that:

*AEMO makes these recommendations on the understanding that SA's Network Service Providers (NSPs) will fully and effectively enforce the new framework for negotiated access standards as applicable to new generator connections in the National Electricity Market (NEM). Under this framework, connection applicants must aim for the automatic access standard where one exists; and provide reasons and evidence establishing that any proposed lesser standard is as close as possible, taking into account the limited considerations in the NER.*

*AEMO expects there will be few, if any, new generation connections in SA that will not need to perform at, or very close to, the automatic access standard levels, and that NSPs will be diligent in their assessment of performance requirements in accordance with the SA power system's unique characteristics.*

AEMO's statement suggests that the automatic access standards can be mandated by the NSP in all but exceptional circumstances notwithstanding the NSP's obligation under the Rules to negotiate in good faith.

This needs to be considered against the AEMC's statement from the Generator Technical Performance Standards Rule Change Final Determination which states:

*The negotiated access standard should reflect the objective of the negotiating framework itself, which is to provide the flexibility to agree on an appropriate level of performance for a generating system connecting to the power system at a given location at a given time. It is the tool used to achieve the appropriate levels of performance for equipment connecting to the power system, balancing system security and the quality of supply (which are the primary concerns of AEMO and network service providers respectively) and cost and speed of connection (which is the primary concern of connection applicants).*

*A negotiated access standard represents the point agreed by all parties to the negotiating process within the range provided by the automatic and the minimum access standard. It is the process that maintains system security and quality of supply at an efficient cost.*

The fundamental change that arose from the Generator Technical Performance Standards Rule change is that the automatic access standard, rather than the minimum, is the default standard and that certain aspects may be negotiated down to achieve a negotiated access standard subject to satisfying certain criteria specified in the NER. The onus is on the proponent to provide reasons and evidence as to why the proposed negotiated access standard is appropriate.

The process is however a negotiation which is subject to the dispute resolution processes of the Rules and the NSP is subject to civil penalty provisions to the extent that the information provided to the connection applicant in rejecting a negotiated access standard is found to not adequately justify such a decision.

Both the NSP and AEMO are parties to the access standards assessment process and we expect both the NSP and AEMO will continue to be diligent in their assessment of performance requirements. NSPs are also obliged to take AEMO advice on access standards that relate to system security matters.

While we do not advocate this position and recommend flexibility be retained, if the Commission's intent is to ensure that the automatic access standards are achieved, then mandating this in the model licencing conditions may be the only way this can be guaranteed notwithstanding the diligence of the local NSPs and AEMO.

Should you have any questions with respect to this submission please contact Bill Jackson on (08) 8404 7969 in the first instance.

Yours sincerely



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