



5 December 2016

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Dear Franc

### **Victorian Connection Reform Consultation Paper**

RES Australia appreciates the opportunity to participate in the workshop held on 16 November 2016 and to provide further comments on AEMO's consultation paper on Victorian Connection Reforms.

As indicated during the workshop held on 16 November 2016, RES acknowledges and supports the steps taken by AEMO to date to reform the Victorian Connection Process. RES is keen to ensure further improvements to the Victorian Connection Process does not have any adverse impacts on the contestability framework that is currently in place in Victoria. To this effect we would like to provide the following comments:

#### **4.1.3 Contracts**

Under the proposed process, it is envisaged that the Generator, the selected TNSP (for contestable works) and the incumbent TNSP will negotiate the relevant suite of contracts for the augmentation. In the absence of AEMO, a negotiating framework that clearly defines the process that will be undertaken by the incumbent TNSP is necessary to ensure that the incumbent TNSP does not take any adverse advantages of the situation.

One of the options proposed under this section nominates AEMO to have network agreements with the TNSPs to cover the service provisions associated with the augmentation. We believe that this is best covered within the regulatory framework as introduction of new network agreements, clearly adds complexity to the framework proposed and may come at a cost to the generator.

#### **4.1.4 Completion and Commissioning**

RES does not agree that the completion of construction of the Shared Network assets should be a pre-condition to generator registration. Once the TNSPs have proven that they meet the functional specification, the generator should be able to participate in the NEM. The concept of holding the TNSP accountable under regulatory framework to complete a pre-approved list of minor outstanding items would give AEMO the comfort it needs to ensure the TNSP completes the relevant work in a timely manner.

#### **4.3.4 Variations**

The circumstances under which AEMO has to raise a variation order needs to be defined and has to be made more clear so that the risks associated with that can be quantified. The generators should not be penalised for negligence of another party or for any modifications required to the network as a result of another connection post contract execution.

#### **4.3.5 Cost sharing terminal stations**

RES is of the view that AEMO's current cost sharing methodology should continue to be implemented. The ways of enforcing this need to be thought through as AEMO will no longer be a party to the suite of contracts. The cost allocation framework and a retrospective rebate policy may need to be agreed to and be enforced under contracts.

#### **4.3.6 Guidance and dispute resolution**

RES believes that AEMO can still play a vital role in providing guidance to connection applicants and provide support in dispute resolution. In the event AEMO is no longer going to be a party to the contracts, AEMO's involvement as a subject matter expert may need to be clearly defined under the contracts.

Whilst it is important to reduce connection costs and complexity associated with Victorian connections, there are clear indications to show that the contestability framework in Victorian connections provide a better outcome for the generators. Any reforms that take place should not diminish this position or any other functions within the current connection process that clearly works.

Again, RES would like to thank AEMO for this opportunity and is happy to provide any assistance required in relation to this reform. Should you have any queries with regards to this submission, please do not hesitate to contact me on 02 8440 7400 or [kav.desilva@res-group.com.au](mailto:kav.desilva@res-group.com.au).

Yours sincerely,

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