



29 May, 2018

Attention: Babak Badrzadeh
Australian Energy Market Operator (AEMO)

Sent Via Email:
SystemStrengthGuidelines@aemo.com.au

Dear Babak,

Powerlink Queensland Submission - System Strength Impact Assessment Guidelines - Draft Report and Determination

Powerlink Queensland (Powerlink) welcomes the opportunity to provide input to the second stage of consultation to the draft System Strength Impact Assessment Guidelines (the Draft Guidelines) and Draft Report and Determination.

Powerlink appreciates the collaborative approach undertaken by AEMO in the development of the Draft Guidelines and is encouraged that the key material issues raised by stakeholders in the first stage of consultation have largely been addressed.

Powerlink's key concern is to ensure the Draft Guidelines assist to achieve the objectives of the *Managing power system fault levels rule* while also delivering the best outcomes for customers and Network Service Providers (NSPs).

Powerlink considers these objectives can be achieved where:

- **Threshold for inclusion of other connection projects** – the threshold for inclusion of other connection projects apply to projects where a Connection and Access Agreement (CAA) has been executed; and
- **Transitional arrangements to Final Guidelines** - safeguards are in place to avoid unintended consequences transitioning to the Final Guidelines.

These matters are addressed in the **attached** submission.

If you have any questions in relation to this submission or would like to meet with Powerlink, please contact Cameron McLean.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Damian Vermey".

Damian Vermey
Acting Executive General Manager
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Attachment 1

1. Threshold for inclusion of other connection projects

The Draft Guidelines released as part of the first stage of consultation required Network Service Providers (NSPs) to consider all 'proposed' generating units, generating systems and market network service facilities for which an application to connect has been submitted when performing system strength impact assessments. Powerlink and other stakeholders indicated that the inclusion of projects at the application to connect stage is premature. Specifically, Powerlink proposed that the commitment is best demonstrated when:

- an application to connect has been submitted to the NSP;
- a clause 5.3.4A letter has been issued by AEMO; and
- connection applicant agreement to clause 5.3.4B work, if required.

In response, AEMO modified the definition of 'committed' in line with submissions. Powerlink has subsequently had occurrences of offering connections to proponents where the proponent has not accepted the offer. The consequences of this with the new definition of committed, are that the proponent would block network capacity (from system strength point of view) and other proponents in the area may be required to investigate and implement remediation schemes incurring significant and unnecessary costs and delays, especially if the original proponent decides not to proceed. Therefore, Powerlink recommends the following additional condition be included in the definition of committed:

- CAA with the NSP is executed.

2. Transition to the Final Guidelines

A key concern Powerlink raised as part of the first stage of consultation to the Draft Guidelines was the need for appropriate safeguards to avoid unintended consequences when transitioning to the Final Guidelines. The need for appropriate transitional arrangements is especially critical for projects at advanced 'application' stage and where the proponent is progressing to a Connection Offer under the 'Transitional Arrangements' that were agreed between AEMO, the Australian Energy Regulator (AER) and NSPs on the 15 March 2018.

Under the 'Transitional Arrangements' a proponent can progress to a CAA following commitment to the conditional negotiated Generator Performance Standard (Conditional GPS), inclusive of the first stage of the Full Impact Assessment (FIA) under the Guidelines. The adoption of the Conditional GPS includes:

- Generator and NSP entering into a CAA which commits to the Conditional GPS;
- completion of the first stage of the FIA using SMIB modelling with the use of an aggregate short circuit ratio accounting for reduced fault levels/system strength due to connection of nearby asynchronous generating systems and compliance studies by the proponent based on scope as agreed by the NSP and AEMO; and
- commitment to the finalisation of the FIA under the Guidelines at least 3 months prior to the planned commissioning date, with the best information available to the NSP at the time.

Powerlink has over 30 active connection applications in various stages of development. In the absence of further transitional provisions, proponents who fail to reach an agreed CAA by 30 June will face delays. The delays apply to Generators that require a FIA in accordance with the Final Guidelines. The principle cause for the delay is the availability of the necessary network and other machine specific models for the FIA. These delays are not caused by or contributed to by the proponents seeking to connect and are an unacceptable and unavoidable imposition from a market development and regulatory perspective to proponents that have made commercial commitments under very tight time frames.

To address these risks, Powerlink recommends an extension to the 'Transitional Arrangements' negotiated on 15 March 2018 for a further period of 3 months beyond 30 June that would apply strictly only to the small group of proponents to whom the 15 March 2018 arrangements apply. All other proponents should be subject to the new arrangements effective from 1 July 2018. Powerlink is not recommending any changes to the alternatives as defined in the 'Transitional Arrangements' and requests that AEMO allow provisions for these transitional arrangement within the Final Guidelines.

Powerlink also welcomes AEMO's co-operation in facilitating a forum with the AER, Australian Energy Market Committee and NSPs to discuss an extension to these arrangements as well as other amendments to the National Electricity Rules applicable from 1 July 2018.