Iberdrola
Australia

Enhancing investment certainty in the R1 process

Feedback on AEMO R1 guidelines

09/05/2025

The R1 process has undergone a number of changes throughout the development of the rule change. As a result, some of the original objectives appear to have been only partially achieved. While the intent to improve investor certainty is acknowledged, it is currently unclear how the proposed guidelines will deliver this outcome, given that the obligations of AEMO and NSPs remain largely unchanged.

The draft guideline appears to allow the existing R1 assessment process to continue without substantial modification. This presents an opportunity to further refine the guideline to better support the intended outcome of the rule change. In particular, we suggest consideration be given to:

- Introducing measures to expedite the approval process in line with the original policy intent,

- Providing greater clarity on technical requirements to promote a consistent and transparent assessment approach, and

- Outlining a clearer pathway to facilitate enhanced collaboration between AEMO and NSPs throughout the R1 assessment process.

We welcome the opportunity to continue working collaboratively to refine the guideline and ensure it delivers the intended benefits for all stakeholders.

Process comparison and summary of identified issues

1. CEC Request	2. AEMC Final Rule Change	3. AEMO Draft Guidelines	Identified Issues
Single R1 package submission, to avoid additional remodelling	• Requirement for AEMO and NSP to provide written reasons for additional data and information requests at the outset, and at the same time as the request	• Two data requests; one initial data package to inform the scope of the assessment, a second to complete the assessment.	• Unclear when second data package will be requested. There is a risk that this may be provided too late and delay the package review • Additional information list is extensive, risk of open-ended delays is still present
Negotiate a materiality threshold to remove barriers for registration of projects with performance standards lower than the NAS in their GPS	• Declined to implement a materiality threshold, instead opting for clearer definitions of 'adverse power system security' impacts and 'adverse power quality impacts on other network users as an alternative. • Change in range of allowed negotiated access standards for new plant to cover all points above MAS*	• Access standards below NAS to be managed in accordance with the existing 5.3.9 process, weighting the benefits of a performance standard closer to the automatic access standard (AAS) against the costs of demonstrating and achieving it. • Specified that timelines are subject to change if impact performance standards are discovered • List of example adverse impacts has been provided	• Definitions are still unclear, e.g. operating with "stable conditions" is open ended and leaves it up to the judgement of individual engineers • The process to renegotiate access standards is lengthy and is not improved by the new drafting • Example adverse impacts are valid; however, it is unclear what specific requirements need to be met and how projects will be assessed against these requirements**
Consideration of materiality on system security in the preparation of the R1 package in the form of self-proposed application types	• AEMO to set clear guidelines stating the minimum requirements that connection applicants must meet when submitting a complete R1 package, with the expectation that the list will be largely similar to the existing R1 submission checklist	• Communication of minimum requirements during kick off meeting, after initial data submission	• Unclear minimum requirements, as it is highly likely that additional information be requested • Alteration from existing checklist requires new templates, increasing preparation time for package; removal of this document arguably provides less guidance on what constitutes a complete R1 package

*See Appendix 4

**Suggestion to expand the Appendix C table to include which of the parties will be responsible for assessing each system impacts, such that the split of scope is clear.

Process comparison and summary of identified issues

1. CEC Request	2. AEMC Final Rule Change	3. AEMO Draft Guidelines	Issues
Clear process for consideration of external network changes, with possible coordination of upgrades required for new connections	• AEMO to define external network changes during the R1 process and provide a methodology for determining fair value for applicants that revise their plant design or settings in response to NSP requests for system security services Guidelines to explain: • how AEMO assesses and rectifies issues caused by changes to network conditions caused by other connecting plants • circumstances where AEMO and NSPs will consider network solutions or collective retuning, instead of plant alterations	• External changes to be included in the scope of capability assessment • Methodology for assessing impact of network changes not provided • No additional value outlined for applicants that revise their plant design/settings • No explanation provided on circumstances where network solutions or collective retuning would be considered	• Consideration of external network changes has not been adequately outlined in the guidelines to increase fairness for connecting participants
Assessment using a risk-based analysis and formalised materiality guidelines, where all parties seek to develop sensible engineering approaches to manage risks and enforce based on potential impact and probability of issue occurring	• Rejection of formal materiality guidelines due to implementation complexity • Note that information asymmetry exists, therefore NSPs and AEMO are better placed to meaningfully discern remedies to system security risks	• Level of detail of studies to be determined during the kick off meeting • No mention of NSPs or AEMO suggesting remedies to system security risks	• No obligation placed on AEMO/NSPs to propose solutions to system security risks, unlikely that there will be a change in approach following this rule change with the current drafting
Timely notification of registration outcome; assessment to run for 20 days from submission of package to notification of registration	• Assessment to run for 60 days from submission of package to notification of registration	• Update to be provided following 60 days from commencement if assessment is not complete	• Fails to address timing concerns and risks extending indefinitely. A clear methodology has not been provided, unclear how it can be refined and optimised with experience.
NSP to run assessment and manage process	• Requirement for AEMO to consult with NSPs to foster collaboration in alignment with "good industry practice" • AEMO to run capability assessment and manage process	• AEMO and NSP to run assessments, with the option to split the scope. To be determined during the kick off meeting	• Unclear how this approach improves communication and collaboration if both parties are running studies independently

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Responses to Consultation Questions

Capability assessment process

Is the proposed capability assessment process where the data and information requirements are divided into two main parts appropriate? If not, why not?

No, we believe this is not appropriate to split the data request within the review timeframe. It is not practical to produce the list of required additional documents within a short timeframe, thereby making the 60-day review timeframe unrealistic. We support the concept of a scoping assessment to advise the required simulation studies, however this should be completed **much earlier in the process**.

Would a more prescriptive capability assessment process better meet the requirements of the NER and be more consistent with the NEO?

Yes, the process should be standardised in order to more efficiently register projects. We believe the following items should be explicitly established in the guideline to ensure consistency:

- The split of scope between the NSP and AEMO for each study area

- Examples of how the scope of the capability assessment would be determined, similar to the proposed "types" in the original rule change request

- Methodology for assessing "adverse impacts" and a principles for identifying issues, with examples

- The process for negotiating performance standards below the previously agreed NAS

Is it sufficient that the data and information submission focuses on changes since the connection agreement was executed? Should other matters inform the contents of the initial data and information submission?

 Yes, it is sufficient that only the changes are captured in the data request.

Responses to Consultation Questions

Are the proposed initial information and data requirements in Appendix A appropriate?

There should be further consideration around timing of information availability. We believe it is possible to scope the assessment without the models being available, such that the requirements can be provided earlier, and delays can be avoided.

Is the proposed Request Form suitable to support the submission of the initial information and data?

Yes, the format of the form is suitable.

Appendix B identifies a range of additional information and data requirements that may be required to support the capability assessment, and the reason(s) they may be required. Are there additional information and data items that should be included in Appendix B, or that should be removed from Appendix B? Why?

Appendix B outlines a range of additional information that appears to be more onerous than prior to the rule change. The objective of a change in the R1 document checklist was to minimise the unnecessary study time and cost, as well as set clear expectations to avoid open-ended delays.

To support a more efficient and transparent assessment process, it would be helpful for the guideline to provide clearer direction on the timing for submitting additional information requirements. This would assist proponents in planning and preparing the necessary documentation in a timely manner.

Furthermore, providing a written rationale for the inclusion of each information requirement – particularly where the need may vary across different project types would improve understand itof its relevance to the capability assessment. In some cases, the requested documents appear to entend into areas more appropriately managed by the generator and overseen through the compliance framework. Greater clarity in this regard would help ensure that responsibilities are appropriately allocated and that information requests remain targeted and proportionate.

Responses to Consultation Questions

Materiality of non-compliance

Is the proposed list of example conditions to guide the approach to address non-compliance with performance standards in Appendix C appropriate? What alternatives do you suggest?

Yes, we believe the list of example conditions is appropriate, however the terms used have not been defined. We suggest a list of definitions be attached to support the interpretation of the terms. Some terms include:

- "Reasonably anticipated conditions"

- "Realistic cumulative impacts"

- "Adequately damped"

- "Brief excursions outside NOFB and NOFEB"

- "Secure state"

Is it appropriate that AEMO's interpretation of what constitutes an adverse impact includes an assessment of materiality? What alternatives do you suggest?

We support the concept of materiality, however remains unclear how this will practically be assessed. The example provided is too simplistic and does not allow generators to anticipate the materiality of any adverse impacts caused by their connection.

Conditions on registration

Are the proposed circumstances when conditions on registration could apply appropriate? If not, what alternatives do you suggest?

Yes, we believe they are appropriate.

Is the list of terms and conditions that could be applied on registration appropriate? Are there terms and conditions that should be removed, or that should be included? Why?

Yes, we believe they are appropriate.