TRANSMISSION ACCESS REFORM

TECHNICAL WORKING GROUP

23 JUNE 2022

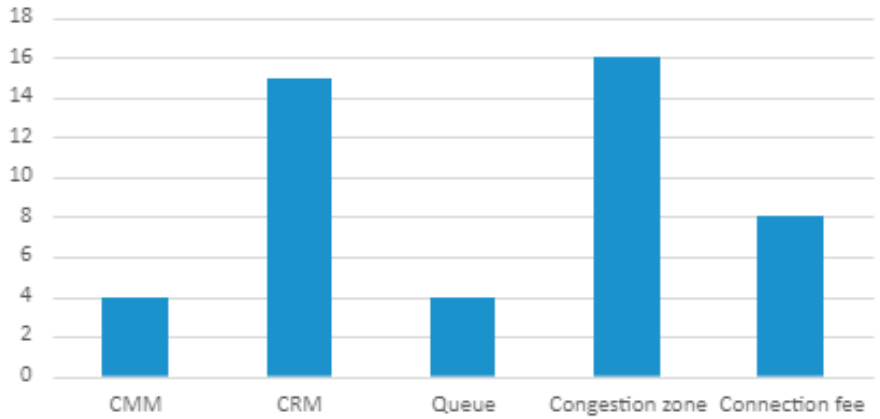
AGENDA

Time	Topic
2:00	Welcome, objectives and agenda
2:10	Summary of submissions received to transmission access reform consultation paper
2:40	Key themes emerging from the submissions to consultation paper (ESB perspective)
3:00	Discussion of the key considerations in the design and application of connection fees
3:50	Break
4:00	Key outstanding questions for resolution
4:30	Approach to the next phase of TWG activity
4:45	Open discussion
4:55	Thanks and next steps
5:00	Meeting Close

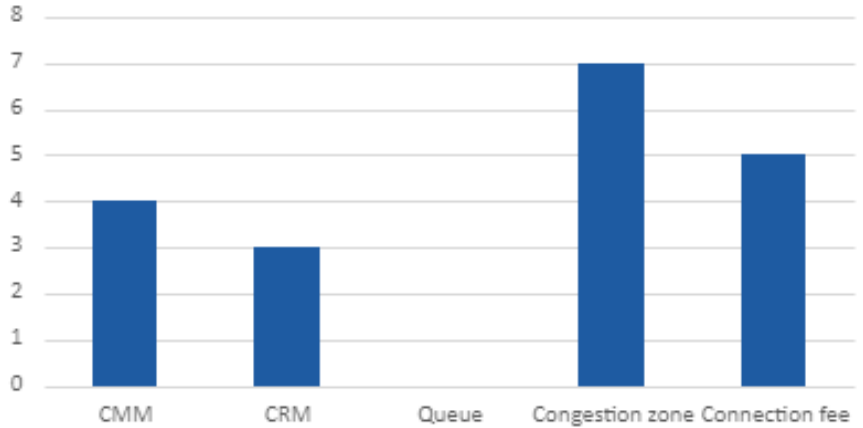
SUMMARY OF SUBMISSIONS

OVERVIEW OF SUPPORT FOR MODELS IN SUBMISSIONS (INCLUDES PARTIAL SUPPORT)

Generators and their representatives*



Non-generators**



* Generator representatives include AEC, CEIG, CEC and AFMA.

** Non-generators include 3 customer representatives, 2 network representatives, 2 storage providers and 1 retailer.

KEY THEMES IN SUBMISSIONS

- Most (but not all) respondents agreed that the current arrangements should change, but there are diverse views on how they should change.
- Stakeholders require more detailed information and worked examples to fully assess the models.
- Several respondents questioned the accuracy of the ESB's preliminary cost estimates for the CRM and CMM. 53% of respondents requested a full cost benefit analysis of the models to support decision making.
- Several respondents said that further consideration of the impact on contract markets is required, particularly regarding the CMM and queue model.
- There were concerns that the model options (except the CRM) may stifle investment :
    - Connection fee – if centralised forecasts are wrong
    - CMM - due to uncertainty in forecasts for LMPs and rebates and reduced contract liquidity
    - Transmission queue – delays to connection processes and timeliness to confirm a queue position.
- 21 out of 30 submissions relate to generators. Perspectives from the 9 remaining participants include:
    - 3 out of 4 customer representatives expressed a preference on the model options; they all supported CMM and connection fees.
    - Storage providers sought clarity on how the models would affect them, but were broadly supportive of the CRM and enhanced congestion zone information.
    - Network service providers sought more clarity about their role, and also whether the arrangements would apply to distribution connected generators.
- 77% of respondents supported enhanced congestion information provision as part of the congestion zones. ~43% were open to connection fees (full or partial support):
    - Other respondents noted that if market participants do not support making congestion costs explicit in the market, then central planning solutions will be required.
    - Several respondents noted that any connection fee regime needs to account for differing output profiles.

KEY DEVELOPMENTS

Investment timeframes	Operational timeframes
Congestion zones with connection fees CEC proposed measures to promote enhanced information, including mandatory congestion studies for new projects, and obligations on AEMO/TNSPs to provide a network modelling portal and more consistent congestion information. Some stakeholders suggested that generators should be able to opt out of connection fees if they agreed not to cause congestion (for instance reducing project size, using storage to mitigate impacts, obligations not to be dispatched in competition with neighbouring projects and/or renewables).	**Congestion management model with universal rebates** Stakeholders indicated that they need clarity on the rebate allocation metric in order to be able to assess the model. The ESB's webinar revealed diverse views on the objective to be achieved (and hence choice of metric).
Transmission queue (CEIG model) CEIG clarified that that the transmission queue should be considered before contribution factors in the dispatch algorithm when resolving tied bids behind a binding constraint. The CEIG does not support the ESB's proposed amendments.	**Congestion relief market (CRM)** CEC submitted a more detailed version of the congestion relief market that addresses certain technical issues identified earlier in the process. ESB's technical experts are reviewing the modified version.

KEY THEMES EMERGING

KEY LEARNINGS FROM CONSULTATION AND ENGAGEMENT WITH STAKEHOLDERS

Generators want

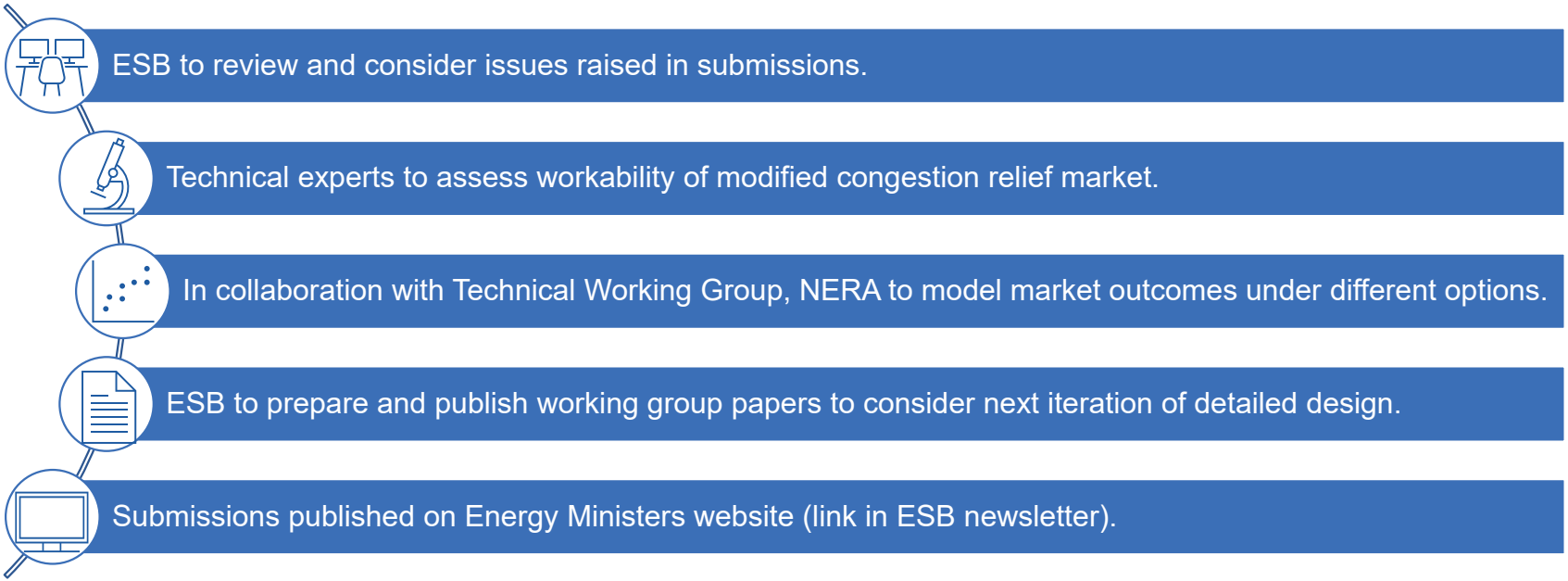
- Improved information
- The ability to opt in or opt out
- A focus on the scheme having incentives to reduce congestion
- Congestion to be better managed access than at present, but without undermining their ability to connect new projects
- Mixed views on the need for fees to discourage inefficient investment.

Customers want

- Efficient arrangements that work in their interest
- Generators to have more skin in the game when it comes to transmission costs.

APPROACH TO NEXT PHASE

NEXT STEPS


ESB to review and consider issues raised in submissions.
Technical experts to assess workability of modified congestion relief market.
In collaboration with Technical Working Group, NERA to model market outcomes under different options.
ESB to prepare and publish working group papers to consider next iteration of detailed design.
Submissions published on Energy Ministers website (link in ESB newsletter).

PRIORITIES FOR NEXT PHASE

Investment timeframes

- Enhanced congestion forecasting – what is published, by whom & how is it calculated?
- Work through clarifications to CEIG model
- Clarify design of connection fees
- Options for investors who agree to not curtail others or fund investment that mitigates impact
- Consider need for TNSP incentive schemes

Operational timeframes

- Work through CRM – can we get it working as intended?
- Treatment of out of merit order generators
- Accommodating generators who agree to not congest others
- Consideration of incentives for storage and flexible loads
- Continue to develop CMM as back-up

Modelling

- Inputs and assumptions to feed into NERA modelling
- How are different market participants affected by the model under different design choices?
- Prepare more rigorous estimates of implementation costs
- What costs and benefits will be modelled as part of the options assessment?