



20 December 2022

Ms Anna Collyer  
Chair  
Energy Security Board  
GPO Box 787  
Canberra ACT 2601

Email: [info@esb.org.au](mailto:info@esb.org.au)

Dear Anna

### **Response to transmission access reform directions paper**

Thank you for the opportunity to respond to the Board's Transmission access reform directions paper published in November 2022 (the Paper).

As you know, EDL is a leading global producer of sustainable distributed energy. We own and operate more than ninety power stations and renewable gas facilities across Australia, North America and Europe. Our power stations are both grid connected and remote and fuelled by wind, solar, gas, liquid fuels and storage. We have a thirty-year reputation for developing innovative, tailored clean and green energy solutions.

EDL agrees the existing mechanisms for co-ordinating transmission and generation investment and operational dispatch to manage the impacts of grid congestion are less likely to continue to be effective as the generation mix changes and volume of investment increases moving forwards. The Board's preferred hybrid model set out in the Paper aims to address this by:

- for investment decision-making, enhancing the information provided to proponents of new generation and introducing either a queueing system to prioritise existing generator network access or impose congestion fees on new generators and
- for operational decision-making, introducing a voluntary Congestion Relief Market (CRM) with the previously considered mandatory Congestion Management Model (CMM) as a fallback should the CRM prove too costly or complex to implement.

EDL generally supports the Board's preferred model subject to the two matters set out below. We have also responded to several specific questions raised in the Paper in the Attachment to this submission.

### **Non-scheduled generation should retain firm access**

EDL's current portfolio of National Electricity Market (NEM) connected power stations are classified as non-scheduled generation. Non-scheduled generation is characterised by limited fuel control and relatively small capacity. This makes it of limited value for AEMO to be able to curtail it to manage network congestion in operational timeframes and uneconomic to (retro)fit the associated control equipment. For these reasons, non-scheduled generation does not currently participate in the NEM central dispatch process.



Under the Board's preferred model, this would continue with such generation running automatically and its network access treated as firm. It would not participate in the proposed CRM (or CMM). EDL supports the Board's position. We also support it being very clear in the model that all existing and new non-scheduled generation would continue to be prioritised to run ahead of scheduled and semi-scheduled power plants.

### **Further analysis and engagement needed to develop the detailed model**

EDL acknowledges that the Board has worked hard during 2022 to consult with stakeholders on narrowing the potential options for addressing the impacts of increasing grid congestion and that the Board intends to provide Energy Ministers with draft recommendations on a detailed model by March 2023.

However, we note that the Paper describes the model in largely theoretical terms and that a significant amount of work would be required to develop it into a working version. As an example, NERA's modelling of the financial impacts of the proposed dispatch mechanism changes was intended to be distributed with the Paper to inform stakeholder submissions. However, that modelling has not yet been released. As the Board itself states, the proposed model would be a complex, major change to the market, untried in other jurisdictions with potentially very material consequences for participants including customers. The Paper makes numerous references to the risk that, unless careful analysis and design is undertaken, the model may introduce "unintended consequences".

In the circumstances, EDL strongly submits that the Board's timetable should be extended by a minimum of three months to allow engagement with stakeholders to develop the detailed model design and confirm both its technical viability and expected benefits.

We look forward to participating in that detailed design over the coming months. Please do not hesitate to contact Anthony Englund, Head of Regulatory Affairs on (0412) 039 860 or at [anthony.englund@edlenergy.com](mailto:anthony.englund@edlenergy.com) should you wish to discuss any aspect of this submission.

Kind regards

A handwritten signature in black ink, appearing to read 'J Harman', written in a cursive style.

**James Harman**  
Chief Executive Officer