



Part of Energy Queensland

21 December 2022

Ms Anna Collyer  
Chair  
Energy Security Board  
COAG Energy Council Secretariat  
King Edward Terrace  
PARKES ACT 2600

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

Dear Ms Collyer

**Energex and Ergon Energy Network response to transmission access reform directions paper**

Queensland's Distribution Network Service Providers (DNSPs), Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy Network), welcome the opportunity to respond to the Energy Security Board's (ESB's) *Transmission Access Reform* directions paper.

We acknowledge the ESB's transmission access objectives and consider it necessary to develop a solution that delivers investment and operational efficiencies, while mitigating the cost impacts for consumers.

Energex and Ergon Energy Network agree that the assessment criteria for the access reform models reflect an appropriate balancing act to select the most suitable model and the best detailed design features within the model. In line with our 10 June 2022 submission to the ESB's initial consultation paper on transmission access reform, we highlight the importance of the sixth criterion – implementation considerations – particularly with respect to cost and complexity. As such, a rigorous cost-benefit analysis of the main options should underpin the draft recommendations for detailed design.

We appreciate the ESB capturing as a design choice that it does not matter whether the participant is connected to a transmission or distribution network. Energex and Ergon Energy Network currently have 55 registered generators committed and/or connected to their respective distribution networks in Queensland, of which 23 are either scheduled or semi-scheduled, representing 1.4GW of generation. In our view, it is essential that the treatment of all registered generators is well understood and consistent. This will ensure the lowest cost to consumers and a reduction of risk for generators. We support the ESB's acknowledgement that a separate rule change process would be required and look forward to the commencement of such, which should be initiated to align with the implementation of transmission reforms.

Within the priority access variant, Energex and Ergon Energy Network agree with the ESB's proposed approach to prioritise access for foundational Renewable Energy Zone (REZ) generators, and for generators that connect in a REZ after the initial allocation is exhausted to receive a subordinate queue position.

We also agree with the ESB that storage acting as a generator and a load will help relieve congestion or avoid contributing to congestion, especially where operated in accordance with network requirements and with consideration of network constraints, which may or may not be coincident with market events.

The decision on the duration of priority access rights allocated to newly connecting generators will be important. In Energex and Ergon Energy Network's view, it would seem appropriate to implement a fixed duration, and to align the duration of those rights with the about 5-10 years duration of existing power purchase agreements.

Finally, we welcome the development of standardised methodology for determining hosting capacity and associated information provisions from network service providers. However, due to the complex nature of the distribution network this may have limited utility beyond high-level indications. Ergon Energy Network and Energex also consider that such information provisions should be voluntary in nature to balance the benefit of the information to investors with the cost to develop and verify the information, and considering the variations in forecasting and operational practices.

Should the AER require additional information or wish to discuss any aspect of this submission, please contact either myself on 0409 239 883, or Andrew Bozin on 0436 447 814.

Yours sincerely



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