



GENERATOR CONNECTION APPLICATION FEES

FY 2022-23

Updated: October 2022

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IMPORTANT NOTICE

PURPOSE

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Contents

1. Introduction	4
2. Basis for Charging	4
2.1. Generally	4
2.2. AEMO as System Operator	4
2.3. AEMO as TNSP in Victoria	4
3. Factors that impact AEMO's Costs	5
3.1. AEMO as System Operator	5
3.2. AEMO as TNSP in Victoria	5
4. AEMO's Fees and Charges	6
4.1. Connection Pre-application/Application Pre-payment	7
4.2. Connection Enquiry Fee	7

1. Introduction

This document explains AEMO's roles associated with generator connections and the hourly rate charges for assessing applications to connect new generation under clause 5.3 of the National Electricity Rules (NER) and alterations to generating systems under clause 5.3.9 of the NER.

Across the National Electricity Market (NEM), AEMO's role as Market System Operator is to assess and negotiate performance standards that can affect the power system. AEMO is also involved in assessing simulation models of power system plant and associated control systems, and commissioning and post-commissioning activities.

For all generator connections in the NEM (inside and outside Victoria), AEMO performs an advisory function relating to the assessment of access standards (AEMO advisory matters) and the commissioning and R2 model validation test plan review.

There are a number of teams within AEMO involved in the connections process. As per the NER, the Onboarding and Connections team performs the AEMO advisory function for the NEM and is responsible for ensuring governance of technical assessments performed on the submitted application packages.

The Victorian Connections team performs the Transmission Network Service Provider (TNSP) function for Victoria, where the team directly liaises with the proponent on processing the connection application package from submission of package to end of registration and commissioning of the plant.

2. Basis for Charging

2.1. Generally

The NER contemplate the payment of various costs associated with applications to connect new generation to the national grid or altering generating systems, which are normally charged as 'application fees' by the connecting Network Service Provider (NSP).

2.2. AEMO as System Operator

AEMO assesses various aspects of an application to connect new generation to the national grid or alter generating systems. These predominantly relate AEMO advisory matters and aspect of commissioning of plant that require AEMO assessment, or approval.

The NER contemplate the imposition of charges by AEMO to the NSP, which the Connection Applicant is responsible for paying.

2.3. AEMO as TNSP in Victoria

In its role as the TNSP in Victoria, AEMO receives and assesses applications to connect to the transmission network in Victoria (referred to as the declared shared network in the National Electricity Law) and is the provider of shared transmission services to Network Users.

3. Factors that impact AEMO's Costs

3.1. AEMO as System Operator

AEMO's overall costs in carrying out its obligations as the system operation under Chapter 5 of the NER are impacted by a range of factors, including:

- The location of the connection point and complexity of proposed generating system.
- Whether the connection is to the transmission network or a distribution network.
- The size of the proposed generating system.
- Whether it is a new connection or altering an existing generating system.
- Whether the proposed generating system is connecting to a weak part of the network.
- The quality and accuracy of the information submitted and the number of iterations required to assess the application.

AEMO and the Clean Energy Council established the Connections Reform Initiative (CRI) to address concerns with delays and increasing complexity in connections to the NEM. To recover costs for dedicated work undertaken for the CRI, a \$30/hour uplift will be applied to AEMO Onboarding and Connections (AEMO advisory function) charges from the commencement of financial year 2022-23.

3.2. AEMO as TNSP in Victoria

In addition to the factors listed above, AEMO's costs in carrying out its obligations as the TNSP in Victoria under Chapter 5 of the NER include:

- The contestability of the augmentation required to effect the connection.
- The extent of commercial negotiation required.

4. AEMO's Fees and Charges

AEMO's hourly rates differ depending on the different types of staff involved in an assessment.

The table below details the rates for various positions and exclude GST, effective from July 2022.

Table 1

Description	Hourly Rate (Excluding GST) \$ AUD *
Office, Intern	\$272
Analyst, Engineer, Project Manager	\$312
Senior Engineer, Senior Project Manager	\$332
Principal, Principal Project Manager	\$372
Managers, Specialists	\$462
Group Managers, Executive General Managers	\$542
Third Party Labour (contractors who work as part of AEMO's assessment team but are employed by a third party – could be onsite or working remotely)	Cost + 15%

* For AEMO Onboarding and Connections (AEMO advisory function) charges, a \$30/hour uplift will be applied to the rates in this table to reflect cost recovery for dedicated work under the Connections Reform Initiative.

From time to time, AEMO is required to engage an external consultant to carry out work including legal work on its behalf. When this occurs, AEMO charges the *Connection Applicants* for the disbursement of actual costs paid plus 15% management fee.

Please also note that the above hourly rates do not extend to the fees and charges for the following services:

- AEMO registration fees¹
- site visits² or
- external legal fees.

¹Registration fees are payable in accordance with Chapter 2 of the NER. See AEMO's fees and charges webpage.

² AEMO may witness such tests in accordance with clause 5.8.5(a) of the NER and is entitled to be reimbursed for staff time and out-of-pocket expenses associated with this, such as travel and accommodation.

4.1. Connection Pre-application/Application Pre-payment

(effective for Enquiries submitted before 01 November 2022)

Each transmission connection pre-application or application in Victoria, must make a pre-payment of \$15,000 prior to AEMO commencing its work. Actual costs during either application processes are drawn from the initial pre-payment. Once depleted, regular monthly invoices will commence based on the hourly rates provided above. The pre-payment will not apply for projects with enquiries submitted on/after 01 November 2022 that have incurred the fixed fee detailed in Section 4.2.

4.2. Connection Enquiry Fee

(effective for Enquiries submitted on/after 01 November 2022)

Each transmission connection enquiry in Victoria will incur a fixed fee of \$15,000 and must be paid prior to AEMO providing the Enquiry Response. Following receipt of AEMO's Enquiry Response, regular monthly invoices will commence based on hourly rates provided above for further ongoing work.