



Connecting embedded generators draft determination

Draft determination released for consultation

The Australian Energy Market Commission has made a draft rule to reduce barriers to the connection of embedded generators to distribution networks. The draft rule provides a clearer, more transparent connection process with defined timeframes, and requires distribution network service providers to publish information to assist embedded generators.

The ClimateWorks Australia, Seed Advisory and the Property Council of Australia rule change request

ClimateWorks Australia, Seed Advisory and the Property Council of Australia submitted a rule change request that sought to address barriers they had identified in the process for connecting embedded generating units to distribution networks. The key aspects of proposed rule to amend Chapter 5 of the National Electricity Rules (NER) included:

- requiring distributors to publish information relating to charges for connection and how they are determined, and a description of the connection process;
- requiring distributors to make offers to connect within 65 business days of receiving connection applications;
- introducing a 'fee for service' that may be charged by distributors;
- that once automatic access standards for embedded generators have been developed, adding these standards to the NER;
- giving embedded generators an automatic right to export electricity to the grid; and
- exempting embedded generators from contributing to any shared network augmentation costs.

Factors the Commission has taken into consideration

In making its draft determination, the Commission has taken into consideration the experiences and needs of embedded generation proponents as well as the obligations on distributors to maintain safe, secure and reliable distribution networks.

The Commission recognises that there are increasing instances of embedded generators seeking connection. There can be significant variation in the technology that these parties are seeking to connect, as well as differences in their level of knowledge of the physical system and governance issues in the supply of electricity to consumers. In many cases, connecting embedded generation units to distribution networks in the national electricity market would not be these parties' core business activity.

The nature of how distribution networks have developed over time also adds layers of complexity to the connection process. The technical requirements of these networks can vary materially between different locations. In assessing connections, distributors also need to be mindful of how any new connections may impact existing users.

The Commission's draft rule

The Commission's draft rule makes a number of changes to the existing provisions. A summary of the key features of the draft rule is provided below:

- **Information pack:** each distributor is to publish an 'information pack' setting out information to guide embedded generators on the process requirements; provide example costs; and provide a model connection agreement. The information pack will improve the clarity and transparency of the connection requirements and allow embedded generators to more effectively participate in the connection process.
- **Enquiry process:** a new two-stage connection enquiry process: a preliminary enquiry and a detailed enquiry. For connections that do not require shared network augmentation, the detailed enquiry is to be completed within 30 business days (otherwise no longer than four months). These provisions are to improve the timeliness and certainty of connection enquires.
- **Application process:** under a revised connection application process, for connection applications based on 'agreed projects', a distributor will be required to make a connection offer within 20 business days. The 20 business day limit will provide certainty to embedded generators.
- **Technical information:** in the absence of automatic or minimum access standards for embedded generators, distributors are to publish a register of generating plant that meets their minimum technical requirements. This will increase transparency and allow embedded generators to better understand the relevant requirements.
- **Technical expert appraisal:** introduction of a process where embedded generators or distributors may appoint an independent engineer to assess the reasonableness of any technical requirements and aid in resolving technical disputes. The costs of an independent engineer will be shared equally by the embedded generator and distributor.
- **Enquiry fee:** distributors will be able to charge an enquiry fee for preparing detailed enquiry responses. The enquiry fee will cover the reasonable costs incurred by the distributor. This differs from the 'fee for service' for consultancy type services proposed under the rule change request. The Commission considered that embedded generators can already enter into commercial arrangements with distributors for such services.
- **Exporting to the grid:** there are no changes to provide embedded generators with the automatic right to export electricity to the grid. Whether the network is able to safely and reliably accommodate electricity export by an embedded generator will need to be assessed during the connection application process. However, the NER already requires distributors to use reasonable endeavours to provide an applicant with the access arrangements they seek.
- **Shared network augmentation costs:** there are no changes to exempt embedded generators from contributing to shared network augmentation costs. Appropriate price signals would continue to be achieved by allocating costs to parties that benefit from a service. Also, if embedded generators were exempt from contributing to shared network augmentation costs, other users of the network, in particular end use customers, would have to bear these costs.

Refer to the connection process factsheet for more information on the process requirements under the draft rule.

Consultation process

The Commission is accepting submissions on the draft determination for consideration prior to making its final determination. **Submissions are due by 8 August 2013.**

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