



Obj:

8 August 2013

Mr John Pierce
Chairman
Australian Energy Market Commission
P O Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

**Draft Rule Determination
Embedded Generator Connections**

Powerlink has reviewed the draft Rule for a new process to facilitate the connection of generators wanting to embed in distribution networks. The review raised two queries about the drafting of the application and offer stage of the connection process.

The queries concern whether the operation of three clauses (5.3A.8 with 5.3A.9, and 5.3A.9 with 5.3A.10) is unclear such that disagreements might arise between Network Service Providers ("NSP") and connection applicants. The potential disagreements would be over:

1. the period of time within which an applicant may make a connection application following receipt of an NSP's detailed enquiry response; and
2. an NSP's abilities to require more information from an applicant and to request an applicant to make a new enquiry because of significant variations between the applicant's final enquiry (to which the NSP has responded) and its subsequent connection application.

The attached extract of the draft Rule sets out the queries (highlighted in yellow) and possible amendments (marked up) to clarify the operation of the clauses. The suggested amendments are drafted to give surer effect to the Commission's intent as expressed in the draft Rule and as explained below.

The period of time within which an applicant may make a connection application after it has received a detailed enquiry response from the NSP is set out in draft cl5.3A.8(g). Draft cl5.3A.8(g) provides that a detailed enquiry response is valid for 30 business and lapses unless the NSP agrees to extend the time of its validity.

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**Draft Rule Determination
Embedded Generator Connections**

Draft cl5.3A.9(a) then provides the applicant can lodge a connection application after receiving the NSP's detailed enquiry response, but does not specify that the application needs to be made in accordance with draft cl5.3A.8(g). This drafting might lead to problems for the timely development of new projects particularly where an application varies materially from the relevant detailed enquiry response. The first suggested amendment would clarify that cl.5.3A.9(a) operates subject to cl.5.3A8(g).

Draft cl.5.3A.9(d) provides that an NSP, having reviewed an application to connect, may with reasons ask the applicant to make a new enquiry if "proposed variations are materially different to the agreed project" (the "agreed project" being the project as defined in the NSP's detailed response to the applicant's enquiry). However, draft cl.5.3A.10(a) provides, without reference to draft cl.5.3A.9(d), that the NSP "to whom the application to connect is submitted under clause 5.3A.9(b) must proceed to prepare an offer to connect in response". Cl.5.3A.10(a) also does not operate expressly with reference to cl.5.3A.9(e). The second suggested amendment would clarify that cl.5.3A.10(a) operates subject to cl.5.3A.9(d) and (e).

Powerlink suggests that the Commission amend the draft Rule along the lines suggested in the attachment to this letter. The amendments would give surer effect to the Commission's intentions as expressed in draft cl.5.3A.8(g) and cl.5.3A.9(d) and (e).

Please contact Simon Taylor, Manager Network Customers, on 07 3866 1101 if you would like to discuss this letter.

Yours sincerely



Garry Mulherin

Executive Manager Investment and Planning

AEMC Draft Determination on Connecting Embedded Generators

Draft National Electricity Rule Amendments

5.3A.8 Detailed response

- (a) A *Distribution Network Service Provider* must within 2 *business days* after receiving the further information identified in S5.4A(q) provide written acknowledgment of receipt of it.
- (b) If the further information provided under subparagraph (a) is incomplete in a material respect the *Distribution Network Service Provider* must within 10 *business days* after receipt of it, advise the *Connection Applicant* of the deficiency and what is required to address it.
- (c) Unless:
 - (1) agreed otherwise; or
 - (2) the proposed *connection* requires the application of the *regulatory investment test for distribution*,a detailed response must be provided within 30 *business days* of the date specified under paragraph (d).
- (d) For the purpose of paragraph (c) the relevant date is the date on which the *Distribution Network Service Provider* has received all of the following:
 - (1) the enquiry fee;
 - (2) if the *Connection Applicant* was required in the preliminary response to provide further information, that information; and
 - (3) if the *Connection Applicant* was required to remedy a deficiency in the further information provided under clause 5.3A.7(b), the provision of that further information.
- (e) Where the proposed *connection* requires the application of the *regulatory investment test for distribution*, the *Distribution Network Service Provider* and the *Connection Applicant* are to agree a timeframe for the provision of a detailed response enquiry, taking into account the status of the relevant RIT-D project (as defined in clause 5.10.2).
- (f) A detailed response must include the information specified in:
 - (1) paragraphs (e), (j) and (k) of Schedule 5.4B;
 - (2) paragraphs (a)-(d) and (f)-(h) of Schedule 5.4B.
- (g) A detailed response will remain valid for 30 *business days* from the date it is made and, if the *Connection Applicant* has not lodged an *application to connect* under clause 5.3A.9 within that period, lapses unless the *Distribution Network Service Provider* agrees to extend the timeframe within which it will remain valid.

- (h) A *Connection Applicant* that is a *Registered Participant* may make a request in relation to technical requirements for access to the *Reliability Panel* in accordance with clause 5.3.3(b2)-(b4).

5.3A.9 Application for connection

- (a) Following receipt of a detailed response under clause 5.3A.8, a *Connection Applicant* may, within the validity period referred to in clause 5.5A8(g), make an *application to connect* in accordance with this clause 5.3A.9 and 5.3.4A.

Will 5.3A.9(a) operate subject to 5.3A.8(g) or should that be stated expressly?

- (b) An *application to connect* may be submitted to the *Distribution Network Service Provider* and may be on the basis of:
- (1) the agreed project; or
 - (2) proposed variations to project parameters and corresponding access standards and technical requirements contained in the detailed enquiry response (including proposed *connection negotiated access standards* in accordance with clause 5.3.4A).
- (c) If the *application to connect* is made on the basis specified in subparagraph (b)(2) the *Connection Applicant* must include with the *application to connect* a statement outlining the material ways in which the proposed variations differ to the agreed project and the reasons for the proposed variations.
- (d) After considering the *application to connect* and statement provided under paragraph (c), the *Distribution Network Service Provider*:
- (1) may request the *Connection Applicant* to lodge a new enquiry under clause 5.3A.5 if the proposed variations are materially different to the agreed project; and
 - (2) must provide reasons for any request made under subparagraph (1).
- (e) If the *application to connect* is incomplete in a material respect the *Distribution Network Service Provider* must, within 5 *business days* after receipt of it, advise the *Connection Applicant* of the deficiency, and the steps required to address it.
- (f) The *Connection Applicant* may submit an *application to connect* to more than one *Network Service Provider* in order to receive additional offers to *connect* in respect of *facilities* to be provided that are *contestable*.
- (g) The *Connection Applicant* may:
- (1) lodge separate *applications to connect* and separately liaise with the other *Network Service Providers* identified in clause 5.3A.5(e) who may require a form of agreement; or
 - (2) lodge one *application to connect* with the *Distribution Network Service Provider* who processed the *connection* enquiry and require it to liaise with those other *Network Service Providers* and obtain and present all necessary draft agreements to the *Connection Applicant*.

5.3A.10 Preparation of offer to connect

- (a) The *Distribution Network Service Provider* to whom the *application to connect* is submitted under clause 5.3A.9(b) must, subject to clauses 5.3A.9(d) and (e), proceed to prepare an offer to *connect* in response.

Will 5.3A.10(a) operate subject to 5.3A.9(d) or should that be stated expressly?

- (b) So as to maintain levels of service and quality of *supply* to existing *Registered Participants* in accordance with the *Rules*, the *Distribution Network Service Provider* in preparing the offer to *connect* must consult with AEMO and other *Registered Participants* with whom it has *connection agreements*, if the *Distribution Network Service Provider* believes in its reasonable opinion that compliance with the terms and conditions of those *connection agreements* will be affected, in order to assess the *application to connect* and determine:
- (1) the technical requirements for the equipment to be *connected*;
 - (2) the extent and cost of *augmentations* and changes to all affected *networks*;
 - (3) any consequent change in *network service charges*; and
 - (4) any possible material effect of this new *connection* on the *network power transfer capability* including that of other *networks*.
- (c) If the *application to connect* involves the connection of *embedded generating units* having a nameplate rating of 10 MW or greater, the *Distribution Network Service Provider* must consult the relevant *Transmission Network Service Provider* regarding the impact of the *connection* contemplated by the *application to connect* on fault levels, line reclosure protocols, and stability aspects.
- (d) The *Transmission Network Service Provider* consulted under paragraph (c) must determine the reasonable costs of addressing those matters for inclusion in the offer to *connect* and the *Distribution Network Service Provider* must make it a condition of the offer to *connect* that the *Connection Applicant* pay these costs.
- (e) The *Distribution Network Service Provider* preparing the offer to *connect* must include provision for payment of the reasonable costs associated with *remote control equipment* and *remote monitoring equipment* as required by AEMO and it may be a condition of the offer to *connect* that the *Connection Applicant* pay these costs.

5.3A.11 Technical dispute

- (a) Clause 5.9A applies to any dispute between a *Distribution Network Service Provider* and a *Connection Applicant* as to the technical requirements to establish or modify a *connection* sought by a *Connection Applicant* in a *connection* enquiry made under clause 5.3A.5 or an *application to connect* under clause 5.3A.9.