



Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

20 February 2014

Dear Mr Pierce,

Submission: Connecting embedded generators draft final rule

The rule proponents, Seed Advisory, ClimateWorks Australia and the Property Council of Australia, thank the Commission for the opportunity to review the draft final rule.

The proponents and their lawyers have reviewed the draft final rule and position paper.

Despite a few changes since the draft determination in June 2013, the draft final rule provides an enhanced connection process. It includes the following features:

- prescriptive timeframes for connection stages;
- enquiry forms to be published by distribution network service providers (DNSPs);
- information packs to be provided by DNSPs including distributor's technical standards, costs, application details, timing and a model connection agreement;
- location specific network information for customers by DNSPs;
- a clear map and guidance of the new connection process;
- a description of parties' obligations;
- public equipment registers by DNSPs;
- clarification about the dispute resolution process; and,
- other solutions.

Subsequently, when it commences, the new rule will improve the National Electricity Market (NEM) via faster, simpler and less costly connections for embedded generators. This meets the requirements of the National Electricity Objective: to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of electricity consumers.

Below are comments and recommendations on the timing and implementation issues of the new rule.

1. Timing of the new rule: 1 October 2014 commencement

We recommend the Commission should proceed with its specified timeline to ensure the new rule commences no later than 1 October 2014. We agree with the Commission that this is sufficient time for all parties.

Many DNSPs have started implementing provisions of the new rule in anticipation of its arrival.

In addition, the Commission provided extensive consultation to all stakeholders including two workshops in October 2013 and November 2013. Via these avenues, the Commission explicitly expressed its intention to implement the new rule in 2014; sending a clear signal to all parties.

Furthermore, as acknowledged by the Commission, the rule change has taken longer than originally expected.

2. Amend the definition of connection applicant in Chapter 10

The Commission should amend the definition of connection applicant in Chapter 10 of the National Electricity Rules (NER) to expand its application to “a person making a connection enquiry or an application to connect”, as per proposed rule 5.3A. This will ensure consistency in the NER.

3. Offer to connect: provide applicants flexibility to accept an offer

The proposed rule 5.3.6 (b3) should include that the DNSP may not unreasonably withhold consent to an extension by the applicant of the 20 business day offer to connect.

This flexibility will provide the new rule with uniformity. The new rule affords this to DNSPs at the preliminary and detailed response stages by applicants: “...The connection applicant may not unreasonably withhold consent to that extension” (5.3A.7 (a)) and (5.3A.8 (e)).

This will also ensure a better balance between applicants’ and DNSPs’ obligations.

4. DNSPs’ equipment registers: include embedded generators’ makes and models

The Commission should require DNSPs to publish the makes and models of embedded generators that are connected to DNSPs’ networks. After discussion between parties at the November 2013 workshop, the Commission decided that embedded generators’ makes and models would be published on registers, the exception being if applicants did not consent to this due to confidentiality.

Other Australian public registers include similar aggregate information to assist market participants of various sectors. The equipment registers would provide the same function for the NEM. Information on makes and models would especially benefit new and smaller embedded energy applicants.

To be clear, the registers should not include private business information.

5. Reinstate the validity period between the detailed response and application stages

We propose that the validity period between the detailed response and application stages should be reinstated with a six month period. An extension may be granted if the connection applicant and DNSP agree, and consent may not be unreasonably withheld by either party.

Validity periods are provided in other stages of the new connection process. So, the absence of a validity period at this critical juncture could create a weak link in the connection process.

The Commission deleted this validity period based on a view that DNSPs would have to hold open space on their networks. As a result, network space may not be allocated to other connections (load or embedded generators), which could lead to queuing of applicants. Instead, the Commission proposes DNSPs and applicants may agree to a validity period.

In reality, DNSPs already have validity periods for load customers, which is in most cases six months. Therefore, it is discriminatory and inconsistent with established DNSP practices to deny embedded generators the same opportunity as load customers.

Feedback from diverse applicants (large and smaller generators) has resulted in unanimous support for a validity period. Applicants feel the absence of a validity mechanism may create uncertainty and presents potential risks. For example, projects could be delayed or cancelled, especially as applicants' investors would have less confidence to fund projects without a validity period.

Consequently, this would be a wasted opportunity for DNSPs and applicants. They both would have invested considerable time and resources to progress this far in the connection process.

6. Timeframe for DNSPs to provide an offer to connect: no stop the clock mechanism

The proposed rule 5.3.6 (a2) (1) (2) should state that a DNSP may not stop the clock during the preparation of an offer to connect, even if they need to consult other parties. Other relevant parties are the Australian Energy Market Operator and transmission network service providers.

Simply, DNSPs will have a maximum of four months to prepare an offer to connect, which includes consultation with other parties. However, while the position paper reflects this clearly, the draft final rule does not.

The Commission decided at the November 2013 workshop that DNSPs may not stop the clock to consult other parties while preparing an offer to connect. The Commission reasoned the stop the clock mechanism was not required as the four month timeframe may be extended by the mutual consent of DNSPs and connection applicants.

Seed Advisory, ClimateWorks and the Property Council would be happy to elaborate on the recommendations if required by the Commission.

Yours sincerely,

A handwritten signature in black ink, appearing to be "P. Boyce".

Patricia Boyce
Director
Seed Advisory

A handwritten signature in blue ink, appearing to be "Jennifer Cunich".

Jennifer Cunich
Executive Director
Property Council Victoria

A handwritten signature in blue ink, appearing to be "Anna Skarbek".

Anna Skarbek
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