

3 November 2016

Mr Ben Shafran  
Director  
Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

Dear Mr Shafran

## Local Generation Network Credits – Draft Rule Determination

SA Power Networks welcomes the Australian Energy Market Commission (AEMC)'s Draft Determination in relation to the Local Generation Network Credit rule change proposed by the City of Sydney, Total Environment Centre and the Property Council of Australia.

The original proposal sought that embedded generation (EG) proponents be eligible for Local Generation Network Credit (LGNC) payments from Distribution Network Service Providers (DNSPs), reflecting the network benefits brought about by EG. SA Power Networks did not support this proposal for various reasons outlined in our 4 February submission.

The AEMC's determination is to not implement the proposed rule change, but instead to make a new rule intended to allow providers of non-network solutions, including EG proponents, to more easily access existing mechanisms in the National Electricity Rules (NER).

SA Power Networks strongly supports this approach of using and/or strengthening existing mechanisms in the NER rather than imposing additional, costly and burdensome new regulation.

Specifically, the new rule determined by the AEMC will require DNSPs to publish a system limitation report (SLR) annually, in conjunction with their distribution annual planning reports (DAPRs). The Rule will first require the Australian Energy Regulator (AER) to consult with DNSPs to develop a SLR template containing relevant details on each system limitation, and ensuring it is published in a consistent and accessible format. We look forward to working with the AER on developing this template in due course.

SA Power Networks' network is relatively large, including more than 400 zone substations and over 1000 high voltage feeders. As a consequence, to provide all the information required by the NER, each DAPR is now over 400 pages long. Consistent with the aims of the draft determination and the details to be published in the SLRs, we are planning to incorporate a relatively brief and more user-friendly summary of identified system limitations, commencing with our 2016 DAPR to be published later this year.

A key consideration in developing the SLR template with the AER will be to ensure the type and level of information that will be provided will be confined to information that is useful and meaningful for non-network proponents and not contain additional information the AER may consider useful for other purposes.

SA Power Networks also notes and endorses the Energy Networks Association's submission on this rule change. In particular, we note and support that the industry is already collaboratively and voluntarily undertaking other initiatives, such as the development of 'Network Opportunity Maps', to provide non-network proponents with easily accessible information about system limitations.

If you wish to discuss any of our comments further, please contact Richard Sibly, A/Head of Regulation on 08 8404 5613.

Yours faithfully



Wayne Lissner  
***A/General Manager Corporate Strategy***

