



Government  
of South Australia

Department of  
State Development

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

Dear Sir/Madam

**AEMC Reference: ERC0158**

Thank you for the opportunity to comment on the Australian Energy Market Commission's (AEMC) Draft Rule Determination - *National Electricity Amendment (Connecting Embedded Generators Under Chapter 5A) Rule 2014*.

The Energy Markets and Programs Division (the Division) of the Department of State Development is supportive of the AEMC's preferred rule as it endeavours to support efficient connection of embedded generators to distribution networks while not undermining the security and reliability of a network.

The Division provided a submission to the AEMC's Consultation Paper on the rule change request that provided views on the policy development and intention of Chapter 5A. The submission indicated that the policy intent of Chapter 5A was to enable a streamlined connection process for small consumers and micro-embedded generators. It was designed to cater for a range of connection types, with the negotiation process set up so parties negotiated in good faith, with some prescription in mind to ensure the process progressed, but at the same time allowing for flexibility between the parties involved. Further, the submission noted the limited time that Chapter 5A has been operational and questioned whether there was sufficient evidence of issues with the Chapter 5A process to warrant regulatory intervention.

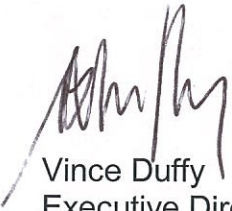
Accordingly, the Division is supportive of the AEMC's decision to retain Chapter 5A as the default process whilst providing proponents the option of using the more detailed Chapter 5 connection process if the proponent considered this appropriate.

The Division supports the AEMC determination that clause 5A.E.1(c)(4) of the National Electricity Rules, which relates to augmentation costs, is consistent with the general principle that users of a distribution network should pay for the reasonable costs in providing services to them. Retaining the application of this clause to Chapter 5A will ensure that other users of the network are not left to bear the costs related to the embedded generator.

In regards to the Clean Energy Council's proposed amendments to restrict a distribution network service provider's (DNSP) ability to charge fees, the Division considers the AEMC's preferred rule is consistent with its view that a DNSP should have the ability to charge a reasonable and fair fee to cover the costs of processing a connection.

Should you have any questions in relation to this submission, please contact Rebecca Knights, Director Energy Markets on (08) 8204 1715 or [Rebecca.Knights@sa.gov.au](mailto:Rebecca.Knights@sa.gov.au).

Yours sincerely,



Vince Duffy  
Executive Director  
Energy Markets and Programs  
Department of State Development

30/9/2014