



Mr James Eastcott
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Australian Energy Market Commission
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Email: submissions@aemc.gov.au

Dear Mr Eastcott

**ERC0147: CONNECTING EMBEDDED GENERATORS
DRAFT FINAL RULE**

CitiPower Pty and Powercor Australia Limited (**the Businesses**) welcome the publication of the draft final rule by the Australian Energy Market Commission (**AEMC**) in relation to the proposed amendments to the National Electricity Rules (**NER**) regarding the connection of embedded generators.

As the AEMC acknowledges, this rule change process has been lengthy. The AEMC has received comments from many stakeholders with diverse and competing interests. The AEMC has provided a draft final rule that generally proposes a balanced and practical outcome.

The final rule is likely to introduce an improved and more efficient process for connecting embedded generators. The new process, however, must be proportionate and not contain inappropriate civil penalties.

The Businesses consider the draft final rule should be amended to:

- remove inappropriate civil penalties which are linked to subjective information requirements on the Distribution Network Service Provider (**DNSP**), or contingent on the timing or behaviour of third parties;
- make clear that the stop-the-clock provision is retained in calculating the timeframe to provide the offer to connect;
- reduce the obligation relating to the register of all completed embedded generation projects to only projects greater than 5 MW; and
- provide a longer implementation period and for the new rule to commence from 1 January 2015.

These matters, as well as other comments on the proposed embedded generation connection process, are set out below.

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Firstly, the inclusion of civil penalty clauses in the detailed response is inappropriate given that the information requirements in the relevant clauses are uncertain, variable on a case-by-case basis and subjective. In particular in Schedule 5.4B:

- the information required by draft clause (f) relating to technical data may be varied on a case-by-case basis;
- the information required by draft clause (g) relating to prudential requirements is a matter for negotiation between the DNSP and the embedded generator per clause 6.21.1(b) of the NER; and
- the application fee required by draft clause (m) must only include the reasonable costs anticipated to be incurred by third parties whose participation in the assessment of the application to connect will be required per draft clause 5.3A.4(e)(2)(ii).

Second, the apparent inconsistency between the legal instrument and the position paper relating to the ‘stop-the-clock’ provision for calculating the four month timeframe for a DNSP to provide an offer to connect must be rectified and the stop-the-clock provision retained. In particular, draft clause 5.3.6(a2) suggests that the time period for consultation with Australian Energy Market Operator (AEMO) or with a Transmission Network Service Provider (TNSP), or for a dispute, does not count towards the timeframe.¹ In contrast, the position paper states that “there does not appear to be need for retaining the stop-the-clock mechanism”.² It is inappropriate for a DNSP to rely upon obtaining consent from the connection applicant to comply with the timeframe where it is dependent on the behaviour of third parties.

Furthermore, the four month timeframe to provide an offer to connect is proposed to be a civil penalty provision. Without the stop-the-clock provision, then a DNSP could be liable for a civil penalty contingent on the behaviour of third parties, namely AEMO, TNSPs or a dispute process. The DNSP could also be liable for a civil penalty if the connection applicant unreasonably withholds consent from extending the timeframe. As such, the civil penalty provision is inappropriate.

Third, the Businesses consider that the requirement to provide a register of completed embedded generation projects must be narrowed to connections greater than 5 MW. Draft clause 5.4.5 of the NER proposes to require DNSPs to publish information relating to all embedded generation units connected to the network in the preceding five year period. The definitions do not appear to narrow the requirement to connections of greater than 5 MW, and thus could be interpreted to apply to 70,000+ solar connections which would be unduly onerous.

Fourth, the Businesses seek an implementation date of 1 January 2015. The draft determination indicated a nine month implementation period whereas the draft final rule proposes only five and half months. The longer period is required to prepare the necessary information packs, register of completed projects and to plan and implement the new processes.

¹ The stop-the-clock provision should also extend to consultation with another DNSP.

² AEMC, *Connecting Embedded Generators*, Position paper, 30 January 2014, page 31.

Finally, the Businesses note that:

- the information required to be contained in the preliminary response will be high-level given the 15 day response time period, and therefore a review of available options for connection arrangements or supply points proposed by draft clause S5.4A(n) may not be possible in the short timeframe;
- the five day period for the DNSP to advise whether an application to connect is incomplete is too short, particularly where the connection application is complex. The Businesses consider that this timeframe outlined in draft clause 5.3A.9(d) should be increased to 10 business days, consistent with the detailed response requirement in draft clause 5.3A.8(b); and
- where a preliminary enquiry or application to connect is incomplete in a material respect, then the NER should make clear that the timeframes for the DNSP to respond are calculated from the time that the deficiencies are remedied (refer draft clauses 5.3A.5(f) and 5.3A.9(d)).

The Businesses would be pleased to discuss any aspect of this letter with the AEMC. Please contact Elizabeth Carlile on 03 9683 4886 or ecarlile@powercor.com.au.

Regards



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GENERAL MANAGER REGULATION