



Small Generation Aggregator Framework

Consultation starts on rule change request - 15 March 2012

On 22 December 2011 the Australian Energy Market Operator (AEMO) proposed a rule change designed to simplify the process allowing small generators to participate in the National Electricity Market (NEM). This rule change proposal in part flows from recommendations in AEMC's *Review of Energy Market Frameworks in light of Climate Change Policies* as well as AEMO's *Small Generator Framework Design*.

Proposed Changes

AEMO proposes adding a new type of market participant, a Small Generation Aggregator, to the National Electricity Rules (NER). These Small Generation Aggregators would register once with AEMO and then could add small generating units to the market in a manner similar to the present system for administering small loads. Administrative costs on small generators wishing to participate in the NEM could be substantially lowered.

Background

At present all entities that seek to operate or control a generator in the NEM must follow the same registration process with AEMO. This includes small generators (defined as those with a nameplate rating of either less than 5MW or in the range 5-30MW with annual sales less than 20GWh).

The costs associated with this registration process may represent a large proportion of potential profits for a small generator, and so many small generators instead seek an exemption from participating in the market. These generators contract directly with local retailers or customers at the same connection point. Exempt generators do not see market prices and therefore do not have an incentive to produce during peak price periods.

Consultation Process

A consultation paper has been prepared by the staff of the AEMC to facilitate public consultation on this rule change proposal.

This paper:

- sets out a summary of, and background to, the Small Generation Aggregator Framework rule change request proposed by AEMO;
- identifies a number of questions and issues for consultation; and
- outlines the process for making submissions.

Issues for consultation

The AEMC is seeking views from stakeholders on the proposed rule change from AEMO. In particular we are seeking views on whether the proposed rule change will lead to its goal of more efficient participation of small generators in the NEM. We also welcome feedback on concern of possible impacts of this change on other market participants.

Submissions on consultation paper and rule change proposal due by 12 April 2012.

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