



Connecting embedded generators draft rule determination

Consultation on draft rule determination and draft rule

The Australian Energy Market Commission has made a draft rule that provides eligible embedded generator proponents with a choice of which process to use when negotiating connection to a distribution network. This draft rule is now available for consultation.

Draft rule

The draft rule is a more preferable rule and is different to the rule proposed. It will enable eligible embedded generator proponents to select a connection process under a chapter of the National Electricity Rules that is most relevant to their needs.

The draft rule applies to proponents of non-registered embedded generators (that is, generators with a generating capacity of less than 5MW). Where these proponents are not eligible for a basic or standard connection offer made by a distributor, they may use either the Chapter 5 embedded generator connection process or the negotiated connection process set out under Chapter 5A.

The new embedded generator connection process was created in Chapter 5 of the National Electricity Rules in April 2014. It is a detailed multi-stage process that sets out timeframes, actions and the information exchanges to occur between the parties. This process will now be available to eligible Chapter 5A embedded generators as a result of the draft rule.

Alternatively, the eligible embedded generators may continue to use the current Chapter 5A process which is less prescriptive and more flexible.

The draft rule also extends and clarifies information that distributors are to provide on their websites. Specifically, the public information relating to embedded generators that is to be provided in accordance with Chapter 5 will also need to be relevant to Chapter 5A embedded generators, excluding micro-embedded generators.

Reasons for the draft rule determination

The ability to choose a connection process has been created with the purpose of addressing the difficulties that some embedded generator proponents have faced in attempting to connect to a distribution network. Providing a choice recognises that in some situations the current flexible and shorter negotiated connection process under Chapter 5A will be suitable. In other instances, the Chapter 5 detailed embedded generator connection process will be more appropriate.

There is an increasing interest in connecting a variety of embedded generators. This is an important aspect in the evolution of the National Electricity Market. The draft rule is part of a suite of reforms to support the continuing transformation of Australia's energy markets.

Under the draft rule, embedded generator proponents will have the discretion to use a connection process that best suits their needs when seeking to connect to a distribution network. This should result in efficient and timely connections and investment in embedded generation and the distribution networks.

The changes to the information requirements will enable the eligible embedded generator proponents to whom Chapter 5 would be available to make an informed decision regarding which connection process to use.

There will be some cost to distributors in providing the additional public information. However, these costs would be likely to be outweighed by the potential benefits of using processes that are suitable to the circumstances of the embedded generator project efficiently.

Submissions to
the draft rule
determination are
due by 2 October
2014.

Rule change request

The draft rule determination and draft rule have been made in response to a rule change request submitted by the Clean Energy Council in April 2013. The request and accompanying proposed rule reflected the concerns of some embedded generator proponents that the less detailed negotiated connection process set out in Chapter 5A of the National Electricity Rules may be a barrier to the efficient connection of embedded generators across the National Electricity Market.

Consultation

The AEMC invites submissions on the draft rule determination, including the draft rule, by **2 October 2014**.

For information contact:

AEMC Senior Adviser, **Neil Howes** (02) 8296 7800

AEMC Director, **Meredith Mayes** (02) 8296 7800

Media: Communication Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817

Date 21 August 2014