



9 August 2012

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Lodged online- www.aemc.gov.au

Dear Mr Pierce

National Electricity Amendment (Connecting embedded generators) Rule 2012

Alinta Energy welcomes the opportunity to respond to the consultation paper addressing the abovementioned rule change proposed by ClimateWorks Australia, Seed Advisory and the Property Council of Australia.

Alinta Energy appreciates the concerns raised in the proponents rule change and notes that many of the issues covered have parallels in the connections experiences of large scale generation. This is understandably so, and underpins Alinta Energy's view that where improvements can be made to the Chapter 5 process they should be available to all potential connecting participants, and likewise that there should be broad similarity in obligations placed upon connecting participants through the connections process.

As such, Alinta Energy is unconvinced that rule changes should be adopted to specifically meet the needs of embedded generators where generic improvements to the connection provisions could be made available to all connecting participants.

For instance, the proposals around complying with Chapter 5, good faith provisions, setting out the time to connect in the preliminary program, providing an offer within 65 days, and use of default terms and conditions, appear as a response to the existing and widespread frustration with the overall connections process which by its very nature is difficult and can at times be drawn out by practices of network services providers and the inclusion of the Australian Energy Market Operator in Victoria.

During the Transmission Frameworks Review it was suggested the connecting party should have an option to commercially negotiate a connection with a network service provider or utilise a default prescribed regime. The dual option approach may meet the needs of connecting embedded generators as well as standardised large scale connections. Such an approach is in part achieved for micro-embedded generators under Chapter 5A.

In this regard, Alinta Energy sees some sense in pursuing the issues raised by the proponents in the context of the connections work being undertaken as part of the Transmission Frameworks Review so as to ensure that changes proposed for the benefit of embedded generators, who elect not to use Chapter 5A, do not constrain large-scale connections. In a sense, attempting to revise the application of existing elements of the National Electricity Rules for the benefit of embedded

generators may be sub-optimal to developing a discrete prescribed mechanism that embedded generators and others could choose to opt in to.

Notably, Alinta Energy broadly endorses the preparation of clear information requirements and believes this would be a beneficial outcome in the connection's process. This requirement may be captured by the 'demand side engagement document' but ultimately depends on how generic any included information is. Similarly, an itemised statement of costs is endorsed in the connections process across the board. Again, both of these matters are relevant to the Transmission Frameworks Review.

Likewise, debates around automatic access and the use of automatic access standards are ongoing and it is appropriate that a form of automatic access standard for connection be made available for embedded generators. The form of such a standard needs consideration in light of the wider review of technical standards that has been proposed for some time.

Nevertheless, Alinta Energy suggests the automatic access standard be divorced from the right to export electricity to the grid and that this matter requires discrete consideration by the affected network service providers including ensuring that the embedded generator connections do not unduly degrade the capability of the network.

Alinta Energy is of the view that it would be premature for the rule change to address the issue of payment of shared network augmentation costs as this matter is currently being more broadly considered as part of the Transmissions Frameworks Review. The need for locational signals, including on the distribution network, needs to be considered holistically and this extends to meeting actual costs of augmentation. A failure to meet those costs may force further costs onto customers within a specific distribution network. Any conclusion in this regard should be made with reference to the conclusions of the comprehensive Transmission Frameworks Review.

Please do not hesitate to contact me should you wish to discuss this submission.

Yours sincerely



Jamie Lowe
Manager, Market Regulation