



Connecting embedded generators rule change request – Section 108A report

Purpose

The Australian Energy Market Commission (Commission) is required under s. 108A of the National Electricity Law (NEL) to publicly report if a final rule determination is not made within 12 months of publication of a notice under s. 95 of the NEL which formally commences the rule change process.

Background

On 18 April 2012, the Commission received a rule change request from the ClimateWorks, Seed Advisory and the Property Council of Australia in relation to the process for connecting embedded generators to the distribution network under Chapter 5 of the National Electricity Rules (NER).

The rule change request sought to amend the process for connecting embedded generators because the proponents considered that the process under Chapter 5 is insufficiently prescriptive and results in uncertainty for connection applicants. In addition, the proponents stated that the lack of technical standards under the NER for embedded generators meant that the technical requirements could vary greatly between distributors. The proponents also considered that the current provisions under the NER for determining connection costs and charges are not sufficiently clear and transparent.

The s. 95 notice was published on 14 June 2012, together with a consultation paper which formally commenced the public consultation process. Stakeholders were provided eight weeks to respond to the consultation paper, with submissions due on the 9 August 2012.

The Commission received 43 submissions on the rule change request as part of the first round of consultation.

The draft rule determination and draft rule were published on 27 June 2013 with submissions due on 8 August 2013.

Reason for the final rule determination not being made within 12 months

The final rule determination has not been made within 12 months of the publication of the notice under s. 95 of the NEL as a result of:

- the detailed and complex nature of the rule change request; and
- the nature and volume of issues raised by stakeholders during the first round of consultation on the rule change request.

The consultation process has demonstrated a high level of interest from stakeholders regarding the rule change request and the issues raised. These submissions included a significant number of detailed policy and drafting issues.

As a result of this high degree of stakeholder engagement, one notice has been issued under s. 107 of the NEL extending the period of time for publishing the draft rule determination. The Commission considered that the proposed rule raised issues of sufficient complexity and difficulty such that additional time was necessary. The extended time also provided for additional stakeholder engagement, including bilateral discussions and a stakeholder workshop on the AEMC's proposed connection process.

In addition, an important input to this rule change was a feasibility study undertaken by the Department of Resources, Energy and Tourism (DRET) on the potential for developing nationally consistent technical standards for embedded generators. The interim report for this feasibility study was published in April 2013.

Therefore, the draft rule determination and draft rule were published on 27 June 2013. Stakeholders have been provided with six weeks to respond to the draft rule determination, with submissions due on 8 August 2013.

To ensure the Commission's assessment of the rule change request was robust, credible and would promote an outcome that was consistent with, and would contribute to, the achievement of the NEO, the Commission made the decision to extend the period of time for considering the rule change request and publishing its draft rule determination. These time extensions provided the Commission with the opportunity to fully consider the issues raised by stakeholders.

Expected time for making final rule determination

The final rule determination and final rule are due to be published on 19 September 2013.