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Honeywell Limited: Submission with respect to the proposed NER rule change regarding embedded generators.

A submission has been made by Climate Works Australia, Seed Advisory and the Property Council of Australia to propose a set of amendments to the National Electricity Rules (NER) regarding the connection of embedded generators. Honeywell wishes to make the following submission with respect to these proposed rule changes.

Honeywell Limited states its general support for the proposed NER rule change due to the potential for improvement to the process of connecting embedded generators to electricity distribution networks.

Honeywell's experience has been that negotiation with Distribution Network Service Providers (DNSPs) can currently lead to successful outcomes. However Honeywell acknowledges that the process can be significantly improved upon. Areas for improvement, identified by Honeywell and broadly supported by the rule change application include:

- Development of a default right of connection, once technical requirements have been met.
- A clearer delineation of network augmentation costs and responsibilities for augmentation works.
- Consistency of approach between different DNSPs including:
 - Standard information requests and technical requirements for proposed generators.
 - A clear process and detailed procedural documentation
 - Willingness to provide fault level information and details.
 - Willingness to engage in the negotiation process which can lead to reduced energy flows through their network.
 - Time required to complete information requests and conclude negotiations.
- A perceived inequality in negotiations between generation developers and DNSPs.

Improvement to the connection process for distributed generators will assist various generation projects and technologies other than cogeneration (commonly mentioned with respect to the rule change). Distributed generation, of various types, is commonly proposed to provide reductions in the use of coal-fired electricity and subsequent reductions in CO_{2-e} emissions. Hence an improved process for connection of distributed generation can lead to significant improvements to Australia's greenhouse gas emissions and ensuing environmental benefits.

The issue of network augmentation and importantly, who pays for the works, feeds directly into the current national debate regarding electricity prices. Network costs, including augmentation costs, are a significant factor in electricity tariffs however many parts of Australia's electricity networks have

suffered periods of underinvestment. It is of *critical importance* to ensure that Australia's electricity networks are able to sustain embedded generation and that embedded generation is accessible to medium sized generators. A low emissions electricity network will depend on a diverse portfolio of generation assets and technologies, all of which will require a timely, cost-effective and efficient grid-connection process.

To ensure the proposed rule change leads to a successful outcome, there will remain a process of discussion and industry participation with AEMO, the AER and all stakeholders. Honeywell reminds all stakeholders that the key issues to keep in mind during this process are:

- the vision for a low-emissions electricity distribution network and
- a fair, consistent, timely and equitable approach to the connection of embedded generators.