

Connecting embedded generators final rule determination

Publication of final rule determination and final rule

The AEMC has made a final rule that provides eligible embedded generator proponents with a choice of process when negotiating connection to a distribution network.

Final rule

The final 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 that is most relevant to their needs.

The final rule applies to proponents of non-registered embedded generators, that is, generators with a generating capacity of less than 5MW but who are not micro embedded generators. Where a distributor does not provide a standard connection offer to these embedded generator proponents they may use either the Chapter 5 embedded generator connection process or the negotiated connection process set out under Chapter 5A. Further information on each of these processes is attached to this note.

The new embedded generator connection process in Chapter 5 of the National Electricity Rules was created 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 final rule. Alternatively, the eligible embedded generators may continue to use the current Chapter 5A process which is less prescriptive and more flexible.

The final rule also broadens the information that distributors are to provide on their websites regarding embedded generator connections. Specifically, Chapter 5A now contains similar requirements to Chapter 5 regarding this information.

Reasons for the final rule determination

The ability to choose a connection process has been created with the purpose of addressing the difficulties that some embedded generator proponents may face 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. In combination with the Power of Choice reforms, the final rule is part of a suite of reforms to support the continuing transformation of Australia's energy markets.

Under the final rule, embedded generator proponents will have the discretion to use the connection process that best suits their needs when seeking to connect to a distribution network. This should result in efficient and timely connection of smaller generators to a distribution network. It will also promote generation competition and contribute to efficient investment in embedded generation and distribution networks.

Changes to the information requirements will enable the eligible embedded generator proponents to whom Chapter 5 would be available to be in the same starting position in terms of information as embedded generators already within the scope of Chapter 5. These changes will also help non-registered embedded generators decide which process to use and more generally when developing their projects.

There will be some cost to distributors in providing the additional public information. However, these costs are expected to be outweighed by the benefits of this information being made available.

The final rule commences on 1 March 2015.

Rule change request

The final rule determination and final rule have been made in response to a rule change request submitted by the Clean Energy Council. 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.

Commencement date

The final rule commences operation on 1 March 2015.

At present, the National Energy Customer Framework, of which Chapter 5A is part, does not apply in Victoria or Queensland. The Queensland and Victorian Governments have announced that they intend to implement the NECF from 1 July 2015 and 31 December 2015 respectively. Until this occurs, Chapter 5A and any amendments to it resulting from this rule change process will not apply in those states.

Attachment 1: Overview of Chapter 5A connection process

Attachment 2: Overview of Chapter 5 connection process

For information contact:

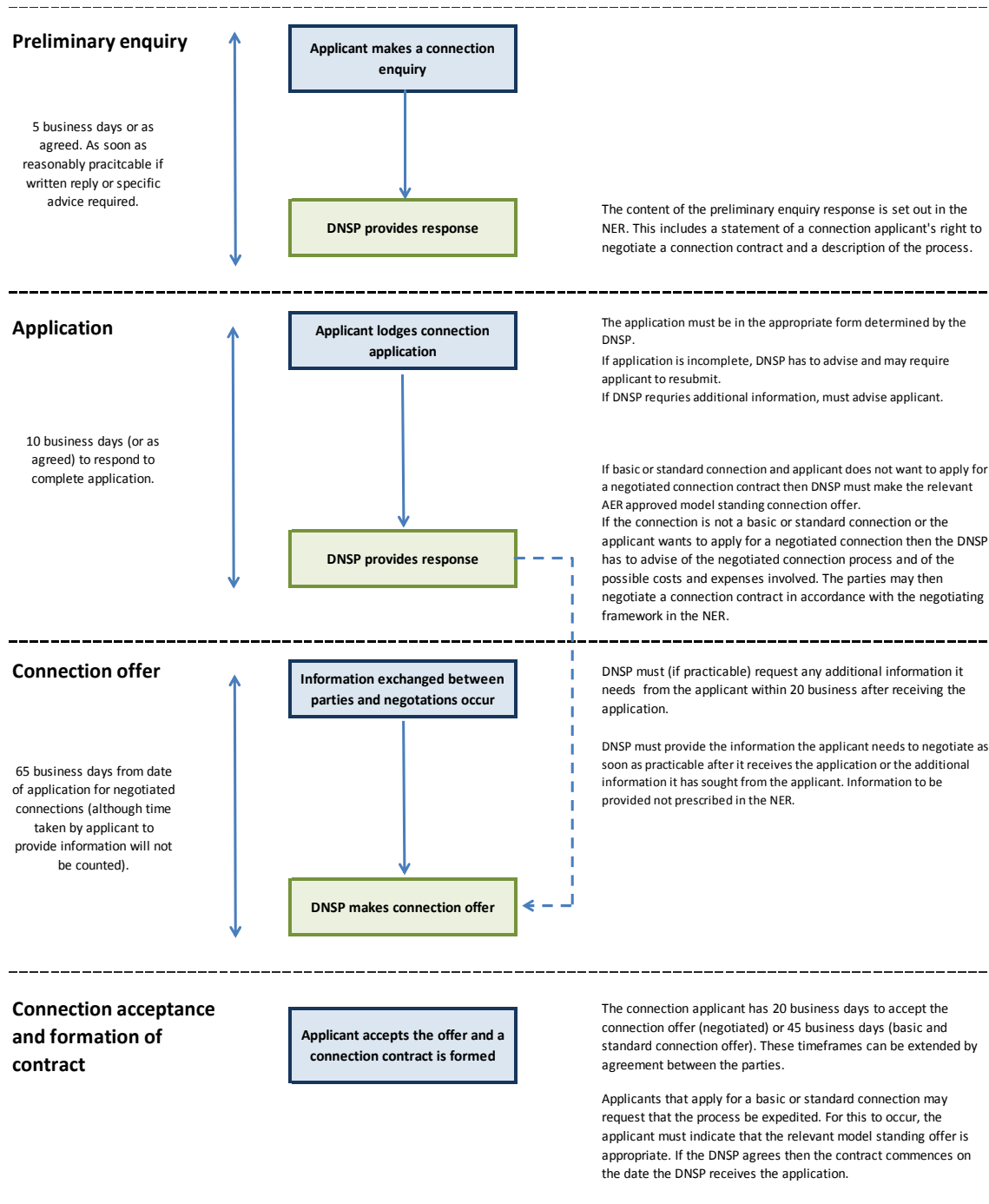
AEMC Senior Adviser, **Neil Howes** (02) 8296 7800

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

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

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Attachment 1: Overview of the connection process under Chapter 5A of the National Electricity Rules



Attachment 2: Overview of the connection process under Chapter 5 of the National Electricity Rules

