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Connecting embedded generators rule change

AEMC workshop on the connection process

Thursday, 17 October 2013

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### **Location of the connection process in the NER**

- AEMC staff outlined the current connection process available for embedded generators located in NECF and in non-NECF jurisdictions.
- AEMC staff proposed that the current rule change process would focus on changes to Chapter 5 of the NER. A discussion on the implications of this for NECF and non-NECF jurisdictions followed.
- Workshop participants suggested that clarity should be provided by the AEMC that once one process (in either Chapter 5 or 5A) is started it must be concluded.
- It was noted that embedded generators that satisfy AS4777 are able to process a connection application under Chapter 5A. The upper scope for inverters in the new version of the standard will increase to 75 amps per phase (approximately 52 kVA).
- The AEMC is scheduled to commence a review of technical standards. It was noted that this project is yet to commence. This will include a review of Schedules 5.1, 5.1a, 5.2, 5.3 and 5.3a to Chapter 5 of the NER.

### **Connection process timing**

- Participants agreed to the proposed five business days for DNSPs to provide receipt of an enquiry.
- Submissions had raised queries about the calculation of timeframes and the use of third parties for tasks required within the connection enquiry process. Some participants expressed concern that using third parties could result in delays to the enquiry process. Other participants noted that some discretion is needed and is appropriate to allow for the use of external experts.
- It was acknowledged that the time frame specified for the DNSP's preliminary enquiry response should be considered in light of the information (and the level of detail) to be provided. For example, 15 business days may be sufficient if detailed information is not required. Some participants noted that considering the purpose of the preliminary enquiry stage, and that embedded generators do not pay DNSPs a fee, they considered that high level information could be provided within 15 business days. It was also noted that the new Distribution Annual Planning Report and Demand Side Engagement documents to be published by DNSPs would provide some relevant information to potential embedded generators.
- Participants suggested that the information to be provided in the preliminary enquiry response (as set out in the draft rule) should be reconsidered as to whether all the items listed are appropriate at this point in the process. For example, the degree of design information, fault level headroom, protection studies, and whether an alternative to a preferred option should be included.
- Participants agreed with the proposed drafting amendment, the removal of the civil penalty provision, and that the time frame of 15 business days would remain although parties could agree to an extension of time.

- The AEMC proposed to retain the 30 business day timeframe for DNSPs to provide a detailed enquiry response to an embedded generator applicant. It was acknowledged that the draft rule provided for the parties to agree to another timeframe.
- Considerable concern was expressed about the validity period relevant for a detailed enquiry response. Participants advised that upon receipt of a detailed enquiry response an embedded generator proponent would then carry out a number of tasks (including power system studies) that will enable them to prepare and lodge an application to connect with a DNSP. This can include establishing performance standards for relevant plant which are to be lodged with AEMO. As such work may take some time, a validity period of six weeks (as specified in the draft determination) was not considered appropriate by some workshop participants.
- It was also noted by some participants that because an embedded generator proponent carries out a number of studies after receiving a detailed enquiry response, the likelihood that an 'agreed project' would be achieved (and that the fast track timing for the next stage would be relevant) is small. Although it was noted that the smaller generators may be more likely to achieve the 'agreed project'.
- Some proponents also expressed concern that the introduction of a validity period would have the practical effect of a DNSP holding open some availability on the network for a proponent. With a number of enquiries to connect (either by generators or by load customers) a queue would form. It was argued that a queuing is not consistent with the open access principles of the NEM. Participants acknowledged that without a queue it would be a first-in-first-served approach for potential customers to connect to a network. This is the current situation and potential customers bear this risk.
- Following a proponent's application to connect, the draft determination specified that a DNSP is to provide an offer to connect within four months. Participants indicated that while four months may be suitable for smaller generation projects that require less extensive work to prepare an offer, the time frame should be extendable to allow for more complicated and extensive work to occur. Extensions will be possible with the agreement of both parties.

### **Provision of information**

- Following submissions to the draft determination, the AEMC propose to amend the unintended consequences relating to DNSPs being obliged to determine the negotiated access standards. As noted by participants, this will allow connection applicants to form an access standard that is relevant to the particular plant that they intend to use.

### **Additional comments**

- The commencement date of the final rule was discussed. Some participants suggested that nine months between the final determination and the commencement of the rule would be appropriate and allow relevant preparations to occur. Other participants stated that six months would be more appropriate.
- Some concern was expressed by participants on the commencement of this rule in relation to the commencement of NECF (for Queensland in particular). It was also a concern that further changes to the rules about connecting embedded generation may occur from the rule change on provisions in Chapter 5A of the NER.
- Participants suggested that the AEMC provide a flow chart of the amended Chapter 5 process.
- Some participants also requested that they be able to review a draft of the final rule before it is made.