National Electricity Amendment (Access, pricing and incentive arrangements for distributed energy resources) Rule 2021
No. 9

under the National Electricity Law to the extent applied by:

(a) the National Electricity (South Australia) Act 1996 of South Australia;
(b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
(c) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
(d) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
(e) the National Electricity (New South Wales) Act 1997 of New South Wales;
(f) the National Electricity (Victoria) Act 2005 of Victoria;
(g) the National Electricity (Northern Territory) (National Uniform Legislation) Act 2015 of the Northern Territory; and
(h) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

Anna Collyer
Chairperson
Australian Energy Market Commission
National Electricity Amendment (Access, pricing and incentive arrangements for distributed energy resources) Rule 2021 No. 9

1 Title of Rule
This Rule is the National Electricity Amendment (Access, pricing and incentive arrangements for distributed energy resources) Rule 2021 No. 9.

2 Commencement
Schedules 1 and 3 of this rule commence operation on 19 August 2021. Schedule 2 of this rule commences operation on 1 July 2022.

3 Amendment to the National Electricity Rules
The National Electricity Rules are amended as set out in Schedule 1.

4 Amendment to the National Electricity Rules
The National Electricity Rules are amended as set out in Schedule 2.

5 Savings and Transitional Amendment to the National Electricity Rules
The National Electricity Rules are amended as set out in Schedule 3.
Schedule 1  Amendment to the National Electricity Rules

(Clause 3)

[1] Clause 5.1.2  Overview of Part B and connection and access under the Rules

In clause 5.1.2(d), in row 7 of the table under the heading "Connection Applicant", omit "non-registered embedded generator" and substitute "non-registered embedded generator".

[2] Clause 5.1.2  Overview of Part B and connection and access under the Rules

In clause 5.1.2(d), in row 12 of the table under the heading "Connection Applicant", omit "non-registered embedded generator" and substitute "non-registered embedded generator".

[3] Clause 5.1.2  Overview of Part B and connection and access under the Rules

In clause 5.1.2(d), omit the text in row 13 of the table under the heading "Connection Applicant" and substitute "A retail customer (or a retailer or Market Small Generation Aggregator on behalf of that customer) connecting a micro embedded generator to a distribution network".

[4] Clause 5.3.1A  Application of rule to connection of embedded generating units

Omit clause 5.3.1A(a) and substitute "[Deleted]".

[5] Clause 5.3.1A  Application of rule to connection of embedded generating units

In clause 5.3.1A(c)(3), omit "non-registered embedded generator" and substitute "non-registered embedded generator".

[6] Clause 5.3A.A1  Definitions

Omit clause 5.3A.A1(a) and substitute "[Deleted]".

[7] Clause 5.3A.1  Application of rule 5.3A

In clause 5.3A.1(c)(1)(iii), omit "non-registered embedded generator" and substitute "non-registered embedded generator".

[8] Clause 5.13.1  Distribution annual planning review

In clause 5.13.1(d)(2), after "subparagraph (1)", insert "and paragraph (d1)".
[9] Clause 5.13.1  Distribution annual planning review
In clause 5.13.1(d)(2)(i), after "forecast load", insert "or forecast use of distribution services by embedded generating units".

[10] Clause 5.13.1  Distribution annual planning review
After clause 5.13.1(d), insert:

(d1) Each Distribution Network Service Provider must, in respect of its network, prepare forecasts covering the forward planning period of demand for distribution services by embedded generating units at:

(1) sub-transmission lines;
(2) zone substations; and
(3) to the extent practicable, primary distribution feeders, having regard to:
   (i) the number of customer connections;
   (ii) energy consumption; and
   (iii) estimated total output of known embedded generating units.

In clause 5.17.1(c)(4)(v), omit "Embedded Generators" and substitute "embedded generating units".

[12] Schedule 5.8  Distribution Annual Planning Report
In Schedule 5.8, after subparagraph (b)(2), insert:

(2A) forecast use of distribution services by embedded generating units:
   (i) at the transmission-distribution connection points;
   (ii) for sub-transmission lines; and
   (iii) for zone substations,
including, where applicable, for each item specified above:
   (iv) total capacity to accept supply from embedded generating units;
   (v) firm delivery capacity for each period during the year;
   (vi) peak supply into the distribution network from embedded generating units (at any time during the year) and an
estimate of the number of hours per year that 95% of the peak is expected to be reached; and

(vii) power factor at time of peak supply into the distribution network;

In subparagraph (b)(4) of Schedule 5.8, omit "reliability" and substitute "applicable performance".

In subparagraph (c)(5) of Schedule 5.8, omit "reduction in forecast load" and substitute "change in forecast load or forecast generation from embedded generating units".

In subparagraph (c)(5)(ii) of Schedule 5.8, omit "reduction in forecast load" and substitute "change in forecast load or forecast generation".

[16] Schedule 5.8  Distribution Annual Planning Report
In subparagraph (c)(5)(iii) of Schedule 5.8, omit "reduction in forecast load" and substitute "change in forecast load or forecast generation".

[17] Schedule 5.8  Distribution Annual Planning Report
After paragraph (d) of Schedule 5.8, insert:

(d1) for any primary distribution feeders for which a Distribution Network Service Provider has prepared forecasts of demand for distribution services by embedded generating units under clause 5.13.1(d1)(3) and which are currently experiencing a system limitation, or are forecast to experience a system limitation in the next two years, the Distribution Network Service Provider must set out:

(1) the location of the primary distribution feeder;

(2) the extent to which demand for distribution services by embedded generating units exceeds, or is forecast to exceed, 100% (or lower utilisation factor, as appropriate) of the normal capacity to provide those distribution services under normal conditions;

(3) the types of potential solutions that may address the system limitation or forecast system limitation;

(4) where an estimated reduction in demand for distribution services by embedded generating units would defer a forecast system limitation for a period of 12 months, include:
(i) an estimate of the month and year in which the system limitation is forecast to occur;

(ii) a summary of the location of relevant connection points at which the estimated reduction in demand for distribution services by embedded generating units would defer the system limitation; and

(iii) the estimated reduction in demand for distribution services by embedded generating units in MW needed to defer the forecast system limitation;

[18] **Schedule 5.8**  
**Distribution Annual Planning Report**

In paragraph (l) of Schedule 5.8, after "demand management activities", insert "and activities relating to embedded generating units".

[19] **Schedule 5.8**  
**Distribution Annual Planning Report**

Omit subparagraph (l)(2) of Schedule 5.8 and substitute:

(2) a quantitative summary of:

(i) connection enquiries received under clause 5.3A.5 and of the total, the number for non-registered embedded generators;

(ii) applications to connect received under clause 5.3A.9 and of the total, the number for non-registered embedded generators; and

(iii) the average time taken to complete applications to connect; and

(3) a quantitative summary of:

(i) enquiries under clause 5A.D.2 in relation to the connection of micro embedded generators or non-registered embedded generators; and

(ii) applications for a connection service under clause 5A.D.3 in relation to the connection of micro embedded generators or non-registered embedded generators;

[20] **Clause 5A.A.1**  
**Definitions**

In clause 5A.A.1, in the definition of "basic connection service", omit "non-registered embedded generator's" and substitute "non-registered embedded generator's".
[21] Clause 5A.A.1 Definitions
In clause 5A.A.1, in the definition of "connection policy", after "Part E, setting out", insert ", among other things, ".

[22] Clause 5A.A.1 Definitions
In clause 5A.A.1, omit the definitions of "embedded generator", "micro embedded generator", "non-registered embedded generator" and "retail customer".

[23] Clause 5A.A.1 Definitions
In clause 5A.A.1, insert the following definition in alphabetical order:

MSGA customer
means a person who owns, operates or controls, or proposes to own, operate or control, a small generating unit and who has an agreement with a Market Small Generation Aggregator relating to the small generating unit under which the Market Small Generation Aggregator is financially responsible for the market connection point at which the small generating unit is connected to the national grid.

[24] Clause 5A.A.1 Definitions
In clause 5A.A.1, in the definition of "supply service", after "the supply of electricity", insert "(whether for import or export)".

[25] Clause 5A.A.3 Small Generation Aggregator deemed to be agent of a retail customer
Omit clause 5A.A.3, including the heading, and substitute:

5A.A.3 Market Small Generation Aggregator deemed to be agent of its MSGA customers
A Market Small Generation Aggregator is deemed to be the agent of its MSGA customers for the purposes of this Chapter.

[26] Clause 5A.B.1 Obligation to have model standing offer to provide basic connection services
In clause 5A.B.1(b)(1), omit "embedded generators" and substitute "embedded generating unit operators".

[27] Clause 5A.B.3 Approval of terms and conditions of model standing offer to provide basic connection services
In clause 5A.B.3(a)(1)(i), omit "embedded generators" and substitute "embedded generating unit operators".
[28] Clause 5A.B.3 Approval of terms and conditions of model standing offer to provide basic connection services

In clause 5A.B.3(a)(4), omit "," and substitute "; and".

[29] Clause 5A.B.3 Approval of terms and conditions of model standing offer to provide basic connection services

After clause 5A.B.3(a)(4), insert:

(5) if the service is a basic micro EG connection service, the terms and conditions are consistent with applicable requirements in the tariff structure statement and the tariff assignment arrangements in Chapter 6B.

[30] Clause 5A.B.5 Approval of model standing offer to provide standard connection services

In clause 5A.B.5(a)(2), omit "and".

[31] Clause 5A.B.5 Approval of model standing offer to provide standard connection services

In clause 5A.B.5(a)(3), omit "," and substitute "; and".

[32] Clause 5A.B.5 Approval of model standing offer to provide standard connection services

After clause 5A.B.5(a)(3), insert:

(4) if the service is for an embedded generating unit operator or a person who proposes to be an embedded generating unit operator, the terms and conditions are consistent with applicable requirements in the tariff structure statement and the tariff assignment arrangements in Chapter 6B.

[33] Clause 5A.D.1 Publication of information

In clause 5A.D.1(a)(3), omit "non-registered embedded generators" and substitute "non-registered embedded generators".

[34] Clause 5A.D.1A Register of completed embedded generation projects

In clause 5A.D.1A(a), omit "non-registered embedded generator" and substitute "non-registered embedded generator".
Clause 5A.E.3 Connection charge guidelines

After clause 5A.E.3(b), insert:

(b1) The purpose of the guidelines is also to ensure that static zero export limits apply to micro EG connections only to the extent consistent with:

(1) the safe, secure and efficient provision and use of distribution services; and

(2) the relevant Distribution Network Service Provider's distribution determination (including expenditure to support the provision of distribution services for supply from micro embedded generators).

Clause 5A.E.3 Connection charge guidelines

In clause 5A.E.3(c)(6)(ii), omit "and".

Clause 5A.E.3 Connection charge guidelines

In clause 5A.E.3(c)(7), omit "." and substitute "; and".

Clause 5A.E.3 Connection charge guidelines

After clause 5A.E.3(c)(7), insert:

(8) describe the circumstances (or how to determine the circumstances) under which a Distribution Network Service Provider may offer a static zero export limit to a micro embedded generator for the purposes of clause 5A.F.1(c)(2).

Clause 5A.E.3 Connection charge guidelines

After clause 5A.E.3(d), insert:

(d1) In developing guidelines dealing with static zero export limits for the purposes of paragraph (c)(8), the AER must ensure that static zero export limits are offered only where consistent with the purpose in clause 5A.E.3(b1), which may include where reasonably required due to:

(1) system limitations, whether in particular circumstances or at particular locations or otherwise; or

(2) limitations on the capabilities of plant or equipment of Distribution Network Service Providers or retail customers.
[40] Clause 5A.E.4  Payment of connection charges
In clause 5A.E.4(a), after "customer's retailer", insert "or Market Small Generation Aggregator".

[41] Clause 5A.E.4  Payment of connection charges
In clause 5A.E.4(a)(3), after "the retailer", insert "or Market Small Generation Aggregator".

[42] Clause 5A.E.4  Payment of connection charges
In clause 5A.E.4(b), after "customer's retailer", insert "or Market Small Generation Aggregator".

[43] Clause 5A.E.4  Payment of connection charges
In clause 5A.E.4(c), after "to the retailer", insert "or Market Small Generation Aggregator".

[44] Clause 5A.F.1  Distribution Network Service Provider's response to application
After clause 5A.F.1(b), insert:

(c) Where the connection applicant is a micro embedded generator, the connection offer must not specify a static zero export limit except:

(1) where the connection applicant requests the static zero export limit; or

(2) in circumstances permitted by the connection charge guidelines.

[45] Clause 5A.F.7  Retailer required for energisation where new connection
Omit the heading of clause 5A.F.7 and substitute "Energisation where new connection".

[46] Clause 5A.F.7  Energisation where new connection
In clause 5A.F.7, after "submitted by a retailer", insert "or Market Small Generation Aggregator".

[47] Clause 5A.F.7  Energisation where new connection
In clause 5A.F.7, after "contract with a retailer", insert "or Market Small Generation Aggregator".
In Schedule 5A.1, in paragraph (a) of Part B, omit "a person who operates, or proposes to operate, an embedded generating unit (the embedded generator)" and substitute "an embedded generating unit operator or a person who proposes to be an embedded generating unit operator".

In Schedule 5A.1, in subparagraph (a)(2) of Part B, omit "embedded generator's" and substitute "embedded generating unit operator's".

In Schedule 5A.1, in subparagraph (a)(2a) of Part B, omit "embedded generator" and substitute "embedded generating unit operator".

In Schedule 5A.1, in subparagraph (a)(6) of Part B, omit "embedded generator" and substitute "embedded generating unit operator".

In Schedule 5A.1, in subparagraph (a)(7) of Part B, omit "embedded generator" and substitute "embedded generating unit operator".

In Schedule 5A.1, in subparagraph (a)(8) of Part B, omit "embedded generator's" and substitute "embedded generating unit operator's".

In Schedule 5A.1, in subparagraph (a)(9) of Part B, omit "embedded generator's" and substitute "embedded generating unit operator's".

In Schedule 5A.1, in subparagraph (a)(10) of Part B, omit "embedded generator's" and substitute "embedded generating unit operator's".
In Schedule 5A.1, in subparagraph (a)(10) of Part B, omit "embedded generator" and substitute "embedded generating unit operator".

In Schedule 5A.1, in subparagraph (a)(11) of Part B, omit "embedded generator" and substitute "embedded generating unit operator".

In Schedule 5A.1, in subparagraph (a)(12) of Part B, omit "embedded generator" and substitute "embedded generating unit operator".

In Schedule 5A.1, in subparagraph (a)(13) of Part B, omit "embedded generator" and substitute "embedded generating unit operator".

In Schedule 5A.1, in subparagraph (b)(1), omit "supply of electricity to" and substitute "supply services at".

In Schedule 5A.1, in subparagraph (b)(6), omit "embedded generator" and substitute "embedded generating unit operator".

Omit the heading and subsequent paragraphs (a) and (b) of clause 6.1.4 and substitute "[Deleted]".

In clause 6.2.2(c)(2), after "potential users", insert "of the relevant service".
Clause 6.2.5  Control mechanisms for direct control services

In clause 6.2.5(c)(2), after "potential users", insert "of the relevant services".

Clause 6.2.5  Control mechanisms for direct control services

In clause 6.2.5(d)(2), after "potential users", insert "of the relevant services".

Clause 6.4.5  Expenditure Forecast Assessment Guidelines

Omit clause 6.4.5(a) and substitute:

(a) The AER must, in accordance with the distribution consultation procedures, develop and publish guidelines (the Expenditure Forecast Assessment Guidelines) that specify:

(1) the approach or approaches the AER proposes to use to assess the forecasts of operating expenditure and capital expenditure that form part of Distribution Network Service Providers' regulatory proposals; and

(2) the information the AER requires for the purposes of that assessment.

Clause 6.5.6  Forecast operating expenditure

Omit clause 6.5.6(e)(5A) and substitute:

(5A) the extent to which the operating expenditure forecast includes expenditure to address the concerns of distribution service end users as identified by the Distribution Network Service Provider in the course of its engagement with distribution service end users or groups representing them;

Clause 6.5.7  Forecast capital expenditure

Omit clause 6.5.7(e)(5A) and substitute:

(5A) the extent to which the capital expenditure forecast includes expenditure to address the concerns of distribution service end users as identified by the Distribution Network Service Provider in the course of its engagement with distribution service end users or groups representing them;

Clause 6.5.8  Efficiency benefit sharing scheme

In clause 6.5.8(c)(1), omit "electricity consumers" and substitute "distribution service end users".
Clause 6.6.1 Cost pass through

In clause 6.6.1(c)(6)(iii)(B), after "to request the retailer", insert "or Market Small Generation Aggregator".

Clause 6.6.1 Cost pass through

In clause 6.6.1(c)(6)(iii)(C), after "the retailer", insert "or Market Small Generation Aggregator".

Clause 6.6.1 Cost pass through

In clause 6.6.1(l)(i), after each occasion of "a retailer", insert "or Market Small Generation Aggregator".

Clause 6.6.1 Cost pass through

In clause 6.6.1(l)(ii), after "the retailer", insert "or Market Small Generation Aggregator".

Clause 6.6.2 Service target performance incentive scheme

In clause 6.6.2(b)(3)(i), omit "electricity consumers" and substitute "distribution service end users".

Clause 6.6.2 Service target performance incentive scheme

In clause 6.6.2(b)(3)(vi), omit "electricity consumers" and substitute "distribution service end users".

Clause 6.6.2 Service target performance incentive scheme

In clause 6.6.2(b)(3)(vi) and substitute:

(vi) the value to distribution service end users of improved performance; and

Clause 6.6.2 Service target performance incentive scheme

In clause 6.6.2(b)(3)(vii), omit "and".

Clause 6.6.2 Service target performance incentive scheme

In clause 6.6.2(b)(4) and substitute:

(4) where relevant, must have regard to the Distribution Reliability Measures Guidelines; and

(5) may take into account other matters the AER considers relevant.
Clause 6.6.3 Demand management incentive scheme

In clause 6.6.3(b), after "relating to demand management", insert "including demand for use of distribution services to supply into a distribution network".

Clause 6.6.3A Demand management innovation allowance mechanism

In clause 6.6.3A(c)(2)(i), after "in demand or peak demand" , insert ", which may include reductions in demand for use of distribution services to supply into a distribution network".

Clause 6.6.4 Small-scale incentive scheme

In clause 6.6.4(a), omit "that provides" and substitute "to provide".

Clause 6.6.4 Small-scale incentive scheme

In clause 6.6.4(b)(3), omit all references to "electricity consumers" and substitute "distribution service end users".

Clause 6.7A.1 Preparation of, and requirements for, connection policy

Omit clause 6.7A.1(a) and substitute:

(a) A Distribution Network Service Provider must prepare a document (its proposed connection policy) setting out:

(1) the circumstances in which it may require a retail customer or real estate developer to pay a connection charge, for the provision of a connection service under Chapter 5A; and

(2) the circumstances in which it may specify a static zero export limit in a connection offer for a retail customer.

Clause 6.8.2 Submission of regulatory proposal, tariff structure statement and exemption application

Omit paragraphs (c1) and (c1a) in clause 6.8.2 and substitute:

(c1) The regulatory proposal must be accompanied by an overview paper in reasonably plain language which includes each of the following matters:

(1) a summary to explain:

(i) the regulatory proposal;

(ii) the proposed tariff structure statement including the export tariff transition strategy;
(iii) the interrelationship between the elements of the regulatory proposal;

(iv) the interrelationship between the regulatory proposal and performance; and

(v) the interrelationship between the proposed tariff structure statement and relevant elements of the regulatory proposal (including the proposed connection policy and capital expenditure or operating expenditure);

(2) a description of:

(i) how the Distribution Network Service Provider has engaged with relevant stakeholders including distribution service end users or groups representing them and (in relation to the tariff structure statement) retailers and Market Small Generation Aggregators in developing the regulatory proposal and the proposed tariff structure statement including the export tariff transition strategy;

(ii) the relevant concerns identified as a result of that engagement; and

(iii) how the Distribution Network Service Provider has sought to address those concerns;

(3) a summary to explain the Distribution Network Service Provider’s approach to identifying demand for, and where relevant providing for, distribution services for supply into the distribution network from micro embedded generators and non-registered embedded generators;

(4) a summary of other approaches considered by the Distribution Network Service Provider in deciding on the approach referred to in subparagraph (3), including relevant proposals from distribution service end users, and how they compare to the approach referred to in subparagraph (3);

(5) a description of the key risks and benefits for distribution service end users of the regulatory proposal and the proposed tariff structure statement including the export tariff transition strategy;

(6) a comparison of the Distribution Network Service Provider’s proposed total revenue requirement with its total revenue requirement for the current regulatory control period and an explanation for any material differences between the two amounts; and

(7) a comparison of the Distribution Network Service Provider’s proposed capital expenditure to support the provision of
distribution services for supply into the distribution network from micro embedded generators and non-registered embedded generators for the current regulatory control period and its actual or committed capital expenditure in the current regulatory control period for that purpose and an explanation for any material differences between the two amounts.

[84] Clause 6.18.1A  Tariff structure statement

After clause 6.18.1A(a)(2), insert:

(2A) a description of the strategy or strategies the Distribution Network Service Provider has adopted, taking into account the pricing principle in clause 6.18.5(h), for the introduction of export tariffs including where relevant the period of transition (export tariff transition strategy);

[85] Clause 6.18.1A  Tariff structure statement

After clause 6.18.1A(a)(5), insert:

Note

Under clause 11.141.13(a), a tariff structure statement of a Distribution Network Service Provider applicable during the tariff transition period for the Distribution Network Service Provider must also include, for each proposed export tariff, the basic export level or the manner in which the basic export level will be determined and the eligibility conditions applicable to each proposed export tariff.

[86] Clause 6.18.1B  Amending a tariff structure statement with the AER’s approval

In clause 6.18.1B(b)(2)(ii), omit ",." and substitute ",;".

[87] Clause 6.18.1B  Amending a tariff structure statement with the AER’s approval

Omit clause 6.18.1B(b)(6) and substitute:

(6) a description of:

(i) how the Distribution Network Service Provider has engaged with relevant stakeholders including distribution service end users or groups representing them, retailers and Market Small Generation Aggregators in developing the proposed amended tariff structure statement;

(ii) relevant concerns identified as a result of that engagement; and

(iii) how the Distribution Network Service Provider has sought to address the concerns.
[88] Clause 6.18.1C  Sub-threshold tariffs
In clause 6.18.1C(a), after "affected retailers", insert "and Market Small Generation Aggregators".

[89] Clause 6.18.4  Principles governing assignment or re-assignment of retail customers to tariff classes and assessment and review of basis of charging
In clause 6.18.4(a)(1)(i), after "extent of their usage", insert "or intended usage of distribution services".

[90] Clause 6.18.4  Principles governing assignment or re-assignment of retail customers to tariff classes and assessment and review of basis of charging
In clause 6.18.4(a)(2), after "a similar connection and", insert "distribution service".

[91] Clause 6.18.4  Principles governing assignment or re-assignment of retail customers to tariff classes and assessment and review of basis of charging
Omit clause 6.18.4(a)(3) and substitute "[deleted]".

[92] Clause 6.18.4  Principles governing assignment or re-assignment of retail customers to tariff classes and assessment and review of basis of charging
In clause 6.18.4(b), omit "according to the usage or load profile" and substitute "according to the distribution service usage profile".

[93] Clause 6.18.5  Pricing principles
At the end of clause 6.18.5(a), insert the following:

Note:
Charges in respect of the provision of direct control services may reflect efficient negative costs.

[94] Clause 6.18.5  Pricing principles
In clause 6.18.5(f)(2), omit "part of the distribution network" and substitute "service".
[95] **Clause 6.18.5  Pricing principles**
In clause 6.18.5(g)(3), after "efficient usage", insert "of the relevant service".

[96] **Clause 6.18.5  Pricing principles**
In clause 6.18.5(h)(3), omit "their usage decisions" and substitute "their decisions about usage of services".

[97] **Clause 6.18.5  Pricing principles**
Omit clause 6.18.5(i), and substitute:

(i) The structure of each tariff must be reasonably capable of:

   (1) being understood by *retail customers* that are or may be assigned to that tariff (including in relation to how decisions about usage of services or controls may affect the amounts paid by those customers) or

   (2) being directly or indirectly incorporated by *retailers* or *Market Small Generation Aggregators* in contract terms offered to those customers,

having regard to information available to the *Distribution Network Service Provider*, which may include:

   (3) the type and nature of those *retail customers*;

   (4) the information provided to, and the consultation undertaken with, those *retail customers*; and

   (5) the information provided by, and consultation undertaken with, *retailers* and *Market Small Generation Aggregators*.

[98] **Clause 6.20.1  Billing for distribution services**
In clause 6.20.1(a)(2)(i), after "half-hourly demand", insert "for distribution services".

[99] **Clause 6.20.1  Billing for distribution services**
In clause 6.20.1(a)(2)(ii), after "agreed energy", insert "consumption or export".

[100] **Clause 6.20.1  Billing for distribution services**
Omit clause 6.20.1(b) and substitute:

   (b) Subject to paragraph (c), where a *Distribution Customer* (other than a *Market Customer* or *Market Small Generation Aggregator*) incurs distribution service charges, the *Distribution Network Service Provider* must bill the *Market Customer* or *Market Small Generation Aggregator* from or to whom the *Distribution Customer* purchases or
sells electricity directly or indirectly for such distribution services in accordance with paragraph (a)(2).

[101] Clause 6.20.1  Billing for distribution services
In clause 6.20.1(c), omit "If a Distribution Customer and the Market Customer from whom it purchases electricity agree" and substitute "If a Distribution Customer and the Market Customer or Market Small Generation Aggregator from or to whom the Distribution Customer purchases or sells electricity agree".

[102] Clause 6.20.1  Billing for distribution services
In clause 6.20.1(e)(2), after "Market Customer", insert "and Market Small Generation Aggregators".

[103] Clause 6.20.1  Billing for distribution services
In clause 6.20.1(e)(5), after "for those Embedded Generators", insert ", Market Small Generation Aggregators".

[104] Clause 6.22.2  Determination of dispute
In clause 6.22.2(e), omit "clause 5.5(f)(4)(ii) and (iii)" and substitute "clauses 5.3AA(f)(4)(ii) and (iii)".

[105] Part O  Annual Benchmaking Report
Omit the title of Part O above rule 6.27 and substitute "Network service provider performance reports".

[106] New rule 6.27A  Annual DER network service provider performance report
After rule 6.27, insert:

6.27A  Annual DER network service provider performance report
(a) The AER must prepare and publish a network service provider performance report, the purpose of which is to provide information about the performance of each Distribution Network Service Provider in providing distribution services for supply from embedded generating units into the distribution network over a 12 month period.

(b) A report under paragraph (a) may include information about such matters as the AER considers appropriate, which may include information about:

(1) the relative performance of each Distribution Network Service Provider in providing the distribution services;

(2) the use of static zero export limits;
the impact of system limitations on availability or use of the distribution services; and

(4) performance relative to export tariff offerings.

(c) Clause 8.7.4 applies in respect of the preparation of a report under paragraph (a).

(d) The AER must publish a report under paragraph (a) at least every 12 months.

(e) A report under paragraph (a) may be published with another network service provider performance report published by the AER.

[107] Clause 6B.A1.1 Application of this Part
In clause 6B.A1.1(a), after "and a retailer", insert "or a Market Small Generation Aggregator".

[108] Clause 6B.A1.1 Application of this Part
In clause 6B.A1.1(b), after "who is a retailer", insert "or a Market Small Generation Aggregator".

[109] Clause 6B.A1.2 Definitions
In clause 6B.A1.2, in the definition of "date of issue", after "to the retailer", insert "or a Market Small Generation Aggregator".

[110] Clause 6B.A1.2 Definitions
In clause 6B.A1.2, in the definition of "retail billing period", after "and a retailer", insert "or a Market Small Generation Aggregator".

[111] Clause 6B.A1.2 Definitions
In clause 6B.A1.2, insert the following definition in alphabetical order:

retailer, except where used in this Division 1, includes a Market Small Generation Aggregator.

[112] Clause 6B.A1.2 Definitions
In clause 6B.A1.2, omit the definition "shared customer" and substitute:

shared customer:

(a) in relation to a Distribution Network Service Provider and a retailer, has the same meaning as in the NERL; and

(b) in relation to a Distribution Network Service Provider and a Market Small Generation Aggregator, means a person who is an MSGA customer of the Market Small Generation Aggregator and whose
small generating unit is connected to the Distribution Network Service Provider's distribution system.

[113] Clause 6B.A2.2 Direct customer billing and energy-only contracts

In clause 6B.A2.2(d), after "a contract for the sale", insert "or purchase".

[114] Clause 6B.A3.2 Tariff reassignment

In clause 6B.A3.2(a)(1), omit "in use of electricity consumption at the customer's premises".

[115] Clause 6B.A3.2 Tariff reassignment

In clause 6B.A3.2(a)(1), omit "customer" and substitute "customer".

[116] Clause 6B.A3.2 Tariff reassignment

In clause 6B.A3.2(b)(2), omit "customer" and substitute "customer".

[117] Clause 6B.A3.2 Tariff reassignment

In clause 6B.A3.2(c), after "tariff", insert "assignment".

[118] Clause 6B.A3.2 Tariff reassignment

After clause 6B.A3.2(c), insert:

(c1) In deciding whether the tariff assignment should be changed, the Distribution Network Service Provider must have regard to the provisions of the Distribution Network Service Provider's distribution determination governing the assignment or re-assignment of retail customers to tariffs.

Note:
See clause 6.18.4.

[119] Clause 6B.A3.2 Tariff reassignment

In clause 6B.A3.2(d), omit "tariff or" and substitute "tariff assignment or".

[120] Clause 6B.A3.2 Tariff reassignment

In clause 6B.A3.2(e), after "tariff", insert "assignment".

[121] Clause 6B.A3.2 Tariff reassignment

In clause 6B.A3.2(e)(2), omit the "Note" in its entirety.
[122] **Clause 7.6.2 Persons who may appoint Metering Coordinators**

In clause 7.6.2(a)(2), omit "retail customer" and substitute "small customer or large customer".

[123] **Clause 7.8.10 Metering installation malfunctions**

In clause 7.8.10(a)(2)(ii), omit "retail customer" and substitute "small customer or large customer".

[124] **Clause 7.8.10 Metering installation malfunctions**

In clause 7.8.10(a)(3)(ii), omit "retail customer" and substitute "small customer or large customer".

[125] **Chapter 10 Glossary**

In Chapter 10, in the definition of "billed but unpaid charges", after "a failed retailer", insert, "or a failed Market Small Generation Aggregator".

[126] **Chapter 10 Glossary**

In Chapter 10, in the definition of "billed but unpaid charges", after "the failed retailer", insert, "or failed Market Small Generation Aggregator".

[127] **Chapter 10 Glossary**

In Chapter 10, in the definition of "connection offer", omit "Chapter 5A" and substitute "Chapters 5A and 6".

[128] **Chapter 10 Glossary**

In Chapter 10, in the definition of "distribution network user access", omit "rule 5.5" and substitute "rule 5.3AA".

[129] **Chapter 10 Glossary**

In Chapter 10, in the definition of "embedded generating unit", omit "distribution network" and substitute "distribution system".

[130] **Chapter 10 Glossary**

In Chapter 10, in the definition of "Embedded Generator", omit the "Note" in its entirety.
[131] Chapter 10  Glossary
In Chapter 10, in the definition of "Generator", omit "non-registered embedded generator (as defined in clause 5A.A.1)" and substitute "non-registered embedded generator".

[132] Chapter 10  Glossary
In Chapter 10, in the definition of "micro EG connection", omit "(in the context of Chapter 5A)".

[133] Chapter 10  Glossary
In Chapter 10, in the definition of "micro embedded generator" omit "Has (in the context of Chapter 5A) the meaning given in clause 5A.A.1" and substitute "A small customer, large customer or MSGA customer who operates, or proposes to operate, an embedded generating unit for which a micro EG connection is appropriate".

[134] Chapter 10  Glossary
In Chapter 10, in the definition of "network", omit "to customers (whether wholesale or retail)".

[135] Chapter 10  Glossary
In Chapter 10, in the definition of "non-registered embedded generator", omit "In the context of clause 6.7A, has the meaning given in chapter 5A" and substitute "An embedded generating unit operator that is neither a micro embedded generator nor a Registered Participant".

[136] Chapter 10  Glossary
In Chapter 10, omit the definition "retail customer", including the "Note" and substitute:

**retail customer**

A person who is one or more of the following:

(a) a small customer;

(b) a large customer;

(c) a micro embedded generator; or

(d) a non-registered embedded generator, other than a non-registered embedded generator who has made an election under clause 5A.A.2(c) for connection under Chapter 5.
In Chapter 10, in the definition of "Retail Market Procedures", after "supply of electricity to retail customers", insert ", the export of electricity by retail customers".

In Chapter 10, in paragraph (b) of the definition "retailer insolvency costs", after "a failed retailer", insert "or failed Market Small Generation Aggregator".

In Chapter 10, in the definition of "retailer insolvency event", after "the failure of a retailer", insert "or a Market Small Generation Aggregator".

In Chapter 10, in paragraphs (a) and (b) of the definition "retailer insolvency event", after each occasion of "in respect of that retailer", insert "or Market Small Generation Aggregator".

In Chapter 10, in paragraph (c) of the definition "Voter Category", omit "respect" and substitute "in respect".

Insert the following definitions in alphabetical order:

**distribution service end user**
An electricity consumer, micro embedded generator or non-registered embedded generator (other than a non-registered embedded generator who has made an election under clause 5A.A.2(c) for connection under Chapter 5).

**embedded generating unit operator**
A person that owns, controls or operates an embedded generating unit.

**export tariff**
A tariff for distribution services that includes a charging parameter relating to supply from embedded generating units into the distribution network.

**export tariff transition strategy**
The strategy in a tariff structure statement of a Distribution Network Service Provider referred to in clause 6.18.1A(a)(2A).
**failed Market Small Generation Aggregator**

A Market Small Generation Aggregator in respect of whom an insolvency official has been appointed.

**MSGA customer**

Has the meaning given in clause 5A.A.1.

**static zero export limit**

A maximum specified capacity to supply into the distribution network of zero at all times of day and in all network operating conditions.
Schedule 2 Amendment to the National Electricity Rules

(Clause 4)

[1] Clause 6.2.8 Guidelines
In clause 6.2.8(a)(1), after "the Distribution Service Classification Guidelines", insert "the Export Tariff Guidelines".

After clause 6.8.1A, insert:

6.8.1B Export Tariff Guidelines

(a) The AER must in accordance with the distribution consultation procedures, develop and publish guidelines (the Export Tariff Guidelines) taking into account the objective in paragraph (b).

(b) The objective of the Export Tariff Guidelines is to provide information and guidance to Distribution Network Service Providers, distribution service end users, retailers, Market Small Generation Aggregators and other stakeholders about the process for development and approval of export tariffs.

(c) The Export Tariff Guidelines may include information and guidance about:

(1) stakeholder engagement in relation to proposed export tariffs;
(2) the provision of information about stakeholder concerns and how they have been taken into account;
(3) the AER's approach (including worked examples) to applying the network pricing objective and pricing principles for direct control services in relation to export tariffs;
(4) the development of export tariff transition strategies; and
(5) any other matters the AER considers appropriate.

(d) The Export Tariff Guidelines are not binding on the AER or a Distribution Network Service Provider.

After rule 8.12, insert:
Part J  Customer export curtailment values

[4] New rule 8.13  Development of methodology and publication of values

After "Part J" above, insert:

8.13  Development of methodology and publication of values

(a) For the purposes of this rule 8.13:

CECV methodology has the meaning given in clause 8.13(b).

CECV objective is that the CECV methodology and customer export curtailment values should be fit for purpose for any current or potential uses of customer export curtailment values that the AER considers to be relevant.

customer export means supply to a distribution network of electricity generated by a micro embedded generator or non-registered embedded generator.

customer export curtailment means reducing, tripping or otherwise limiting customer export.

jurisdictional regulator has the meaning in clause 8.12(a).

(b) The AER must, in accordance with the Rules consultation procedures:

(1) develop a methodology (CECV methodology) to be used by the AER to calculate customer export curtailment values each year; and

(2) review and where applicable update the CECV methodology in accordance with paragraph (f).

(c) Notwithstanding paragraph (b), the AER may make minor and administrative amendments to the CECV methodology without complying with the Rules consultation procedures.

(d) The AER must publish and maintain on its website:

(1) the CECV methodology promptly after it has been developed or updated; and

(2) each year, the customer export curtailment values determined in accordance with the CECV methodology.

(e) The AER must ensure that the CECV methodology developed under paragraph (b), and any customer export curtailment values calculated in accordance with that methodology, are consistent with the CECV objective.
(f) The AER must, at least once every five years, review the CECV methodology and following such review, publish either:

(1) an updated CECV methodology; or

(2) a notice stating that the existing CECV methodology was not varied as a result of the review.

(g) For the purpose of complying with the Rules consultation procedures under paragraph (b), the AER must consult with:

(1) AEMO;

(2) each jurisdictional regulator;

(3) Registered Participants; and

(4) such other persons who, in the AER’s reasonable opinion, have, or have identified themselves to the AER as having, an interest in the CECV methodology and customer export curtailment values.

[5] Chapter 10  Glossary

In Chapter 10, insert the following definition in alphabetical order:

*Export Tariff Guidelines*

Guidelines made by the AER under clause 6.8.1B.
Schedule 3  Savings and Transitional Amendment to the National Electricity Rules

(Clause 5)

[1]  New Part ZZZZQ Access, pricing and incentive arrangements for distributed energy resources

After Part ZZZZP in Chapter 11, insert a new Part:

Part ZZZZQ Access, pricing and incentive arrangements for distributed energy resources

11.141  Rules consequential on the making of the National Electricity Amendment (Access, pricing and incentive arrangements for distributed energy resources) Rule 2021

11.141.1  Definitions

(a)  In this rule 11.141:

Amending Rule means the National Electricity Amendment (Access, pricing and incentive arrangements for distributed energy resources) Rule 2021.

basic export level means a threshold (calculated by reference to capacity, energy or other measure permitted in a distribution determination) specified for the purposes of clause 11.141.12(a) in the applicable tariff structure statement.

basic export level guidelines means the guidelines, forming part of the Export Tariff Guidelines, made by the AER in accordance with clause 11.141.14.

CECV effective date means the date of commencement of Schedule 2 of the Amending Rule.

commencement date means the date of commencement of Schedules 1 and 3 of the Amending Rule.

existing DER customer means a retail customer who:

(1) is an embedded generating unit operator on the commencement date in relation to the connection point through which the customer's embedded generating unit is connected;

(2) on or before the commencement date has accepted a connection offer under former Chapter 5A for the connection of an
embedded generating unit but where the relevant works are not yet complete; or

(3) on the commencement date is in receipt of a connection offer under former Chapter 5A for the connection of an embedded generating unit that (on the commencement date) remains open for acceptance.

former Chapter 5A means Chapter 5A of the Rules as in force immediately prior to the commencement date.

former clause 5.13.1 means clause 5.13.1 as in force immediately before the commencement date.

former clause S5.8 means clause S5.8 as in force immediately before the commencement date.

new clause 5.13.1 means clause 5.13.1 as in force on and from the commencement date.

new clause S5.8 means clause S5.8 as in force on and from the commencement date.

new clause 5A.F.1(c) means clause 5A.F.1(c) as in force on and from the commencement date.

new clause 6.2.8 means clause 6.2.8 as in force on and from the commencement date.

new clause 6.18.1A(a) means clause 6.18.1A(a) as in force on and from the commencement date.

new clause 6.18.5 means clause 6.18.5 as in force on and from the commencement date.

new rule 6.27A means rule 6.27A as in force on and from the commencement date.

new rule 8.13 means rule 8.13 as in force on and from the CECV effective date.

tariff transition period means, for a Distribution Network Service Provider, the period comprising the following regulatory control periods of the Distribution Network Service Provider:

(1) the regulatory control period immediately following the regulatory control period in which the commencement date occurs; and

(2) the regulatory control period immediately following the regulatory control period referred to in paragraph (1).

(b) Italicised terms used in this rule 11.141 have the same meaning as in Chapter 10 as in force on and from the commencement date.
11.141.2 Amendments to AER documents

(a) By 1 July 2022 the AER must review and where the AER considers it necessary or desirable amend and publish the following documents to take into account the Amending Rule:

1. the Expenditure Forecast Assessment Guidelines;
2. the Distribution Service Classification Guidelines;
3. the Cost Allocation Guidelines; and
4. the connection charge guidelines.

(b) By 1 July 2023 the AER must review and where the AER considers it necessary or desirable amend and publish the following documents to take into account the Amending Rule:

1. the Distribution Reliability Measures Guidelines;
2. the demand management incentive scheme; and
3. the demand management innovation allowance mechanism.

(c) In reviewing and where applicable amending the Expenditure Forecast Assessment Guidelines, the AER must have regard to the need for different approaches for different classes of retail customers.

(d) Amendments made in accordance with paragraph (a) or (b) must take effect on and from the applicable date specified in paragraph (a) or (b) or any earlier time specified by the AER.

11.141.3 Performance incentive schemes for services for supply from embedded generating units to the distribution network

(a) The AER must undertake a review to consider arrangements (which may include a service target performance incentive scheme) to provide incentives for Distribution Network Service Providers to provide efficient levels of distribution services provided to retail customers for supply from embedded generating units into the distribution network.

(b) The AER must publish its report on the outcome of its review under paragraph (a) by 31 December 2022 and must include in the report its recommendations for incentive arrangements.

(c) In conducting the review under paragraph (a), the AER must consult in the manner the AER considers appropriate.

11.141.4 Initial rule 6.27A network service provider performance report

The AER must publish the first network service provider performance report made in accordance with new rule 6.27A by 31 December 2023.
11.141.5 Initial Export Tariff Guidelines

(a) By 1 July 2022, the AER must develop and publish the initial Export Tariff Guidelines.

(b) The AER must comply with the distribution consultation procedures when preparing the initial Export Tariff Guidelines under paragraph (a).

11.141.6 Annual benchmarking reports

(a) The AER must consult in accordance with the distribution consultation procedures about how the AER will take into account the Amending Rule in the annual benchmarking reports under rule 6.27.

(b) By 1 July 2022, the AER must publish a report on the consultation conducted in accordance with paragraph (a) which must include guidance about the AER's proposed approach.

11.141.7 Initial CECV methodology

(a) By 1 July 2022, the AER must:

(1) develop and publish the initial CECV methodology under new rule 8.13; and

(2) determine and publish the initial customer export curtailment values calculated in accordance with the CECV methodology.

(b) The AER must comply with the Rules consultation procedures when preparing the initial CECV methodology under paragraph (a).

11.141.8 Sub-threshold tariffs

(a) This clause applies in relation to a Distribution Network Service Provider in relation to each regulatory year in the following regulatory control periods of the Distribution Network Service Provider:

(1) the regulatory control period in which the commencement date occurs; and

(2) the regulatory control period immediately following the regulatory control period in which the commencement date occurs.

(b) Where in accordance with paragraph (a) this clause applies in relation to a Distribution Network Service Provider and regulatory year:

(1) for the purposes of calculating the individual threshold for the Distribution Network Service Provider for the regulatory year under clause 6.18.1C(a)(1), the clause will apply as if '0.5 per cent' had been omitted and '1 per cent' inserted in its place; and
for the purposes of calculating the cumulative threshold for the Distribution Network Service Provider for the regulatory year under clause 6.18.1C(a)(2), the clause will apply as if ‘one per cent’ had been omitted and ‘five per cent’ inserted in its place.

11.141.9 Retail Market Procedures

(a) By 1 July 2022 AEMO must review and where AEMO considers it necessary or desirable propose amendments to the Retail Market Procedures to take into account the Amending Rule.

(b) Amendments made in accordance with paragraph (a) must where reasonably practical take effect on and from 1 July 2022.

11.141.10 Distribution Annual Planning Report

A Distribution Network Service Provider is not required to include the following information in a Distribution Annual Planning Report that has a DAPR date falling before the first anniversary of the commencement date:

(a) the information in paragraph (d1) of new clause 5.13.1 or paragraph (b)(2A) or (d1) of new clause S5.8; or

(b) the information in paragraph (d)(2) of new clause 5.13.1 or paragraph (c)(5) or (l) of new clause S5.8, but in each case only to the extent the information is not required under former clause 5.13.1 or former clause S5.8.

11.141.11 Tariff reassignment restriction for existing DER customers

(a) Subject to paragraph (b), a Distribution Network Service Provider must not, during the period starting on the commencement date and ending on 30 June 2025, assign or reassign an existing DER customer to an export tariff.

(b) Paragraph (a) does not apply if a retailer or Market Small Generation Aggregator has requested the tariff assignment or reassignment.

11.141.12 Export tariffs subject to basic export level

(a) A Distribution Network Service Provider must not charge a retail customer for distribution services provided for or in relation to supply from an embedded generating unit into the distribution network where the use of the distribution services:

(1) does not exceed the basic export level applicable to the export tariff to which the retail customer is assigned; and

(2) occurs during the tariff transition period for the Distribution Network Service Provider.

(b) Paragraph (a) does not preclude charges for the provision of connection services.
11.141.13 Basic export levels to be specified in tariff structure statements

(a) For the purposes of new clause 6.18.1A(a), a tariff structure statement of a Distribution Network Service Provider that will apply during the tariff transition period for the Distribution Network Service Provider must include, in addition to the elements in new clause 6.18.1A(a):

(1) for each proposed export tariff, the basic export level or the manner in which the basic export level will be determined; and

(2) the eligibility conditions applicable to each proposed export tariff.

(b) In assessing provisions in a Distribution Network Service Provider's proposed tariff structure statement relating to basic export levels, the AER must have regard to the following principles:

(1) basic export levels must be set having regard to:

   (i) the capacity of a distribution network (or part of a distribution network) to accept supply from embedded generating units to the extent the AER considers that the capacity arises from the provision of distribution services for supply to retail customers in that distribution network (or part) with minimal or no further investment; and

   (ii) forecast use of distribution services relating to supply from embedded generating units in the distribution network (or relevant part);

(2) a basic export level may be specified by reference to any one or more of the following measures:

   (i) the capacity to supply into the distribution network at a connection point;

   (ii) the quantity of supply into the distribution network at a connection point; or

   (iii) any other measure the Distribution Network Service Provider is authorised to apply by the applicable distribution determination;

(3) a different basic export level may apply to different export tariffs of a Distribution Network Service Provider; and

(4) which basic export level applies to a particular export tariff or group of export tariffs may be determined according to tariff class, connection point voltage, the location of a connection point in the distribution network or any other measure.
11.141.14 Basic export level guidelines

(a) The AER must develop guidelines about methodologies for determining basic export levels and related matters (basic export level guidelines).

(b) In developing the basic export level guidelines, the AER must have regard to:

(1) historical and geographical differences between networks;
(2) different levels of demand between networks for distribution services relating to supply from embedded generating units;
(3) inter jurisdictional differences related to regulatory control mechanisms, classification of services and other relevant matters;
(4) the network pricing objective and the pricing principles in new clause 6.18.5; and
(5) any other matters the AER considers relevant.

(c) The basic export level guidelines form part of the Export Tariff Guidelines and are subject to new clause 6.2.8 and clause 11.141.5.

(d) The AER must publish the basic export level guidelines as part of:

(1) the initial Export Tariff Guidelines made under clause 11.141.5; and
(2) any amendment to or replacement of the Export Tariff Guidelines in effect prior to the expiry of this clause.

(e) This clause expires at the end of the last of the tariff transition periods of all Distribution Network Service Providers.

11.141.15 Static zero export limits

New clause 5A.F.1(c) does not apply to a connection offer made before 1 July 2022.

[END OF RULE AS MADE]