



Flexible process for connecting generators to distribution networks

Connecting embedded generators – final determination

The Australian Energy Market Commission (AEMC) today made new rules to help generators connect to electricity distribution networks.

Electricity consumers are increasingly seeking to generate their own power from sources like gas, solar, wind or biomass. Generators embedded into distribution networks are becoming more common, particularly in commercial buildings and shopping centres.

Developments with the ability to generate electricity will often still need to source some power from the grid. At other times, they might choose to sell their excess electricity back into the market. Today's determination will reduce the barriers to connect these electricity generators to distribution networks while maintaining the safety and reliability of power supply networks for all consumers.

The new rules establish a connection process designed to accommodate the different requirements of a range of generators (with a capacity greater than 5MW) now seeking to participate in the market.

The process requires distributors to publish an information pack for generators detailing technical requirements, cost information, application details and timing.

"This is to provide generators with the information they need to prepare a sound business case for their development; especially for those who are not familiar with the technical and security impacts of proposed connections on distribution networks.

AEMC Chairman, John Pierce, said today the new rules balanced the need to maintain system security with a more defined connection process to help deliver more efficient investment and cost-effective outcomes.

"Network costs have been a significant driver of retail electricity prices in recent years and people who install generation units within distribution networks may be able to reduce their electricity costs.

"Our objective is to improve regulatory certainty and clarity in relation to connecting generators to distribution networks so efficient investment decisions can be made by all participants," Mr Pierce said.

Adjustments to the connection process following stakeholder consultation include:

- the addition of flexible timeframes across a clearly staged connection process;
- greater clarification on what information is required to be exchanged by the parties over the course of the connection process;
- clarification that disputes arising during a connection process can be resolved with the assistance of the Wholesale Energy Markets Dispute Resolution Adviser; and
- arrangements for distributors to publish information on recent successful generation connections to their networks.

The new connection process includes flexible timeframes – accommodating the different needs of very diverse generators seeking to connect to distribution networks.

The proponents for this rule change were ClimateWorks Australia, Seed Advisory, and the Property Council of Australia. Their proposal brought to the Commission's attention a number of significant issues about the connection framework such as difficulties faced by generators when seeking to obtain relevant information in a timely manner; and uncertainty about the length of time a connection process may take.

The Commission's final rule is a more preferred rule to balance the reliable and efficient operation of the electricity network with a clear connection process for generators seeking to connect to a distribution network.

It follows extensive consultation with stakeholders which included consideration of a total of 86 submissions and a series of workshops over the course of the rule change process.

This rule change focusses on the connection process available to registered embedded generators (that is, those with a capacity greater than 5MW). It will take effect on 1 October 2014.

The Commission will shortly start its assessment of a rule change request made by the Clean Energy Council on the separate connection process for smaller (less than 5MW) embedded generators.

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