



SMA Australia Pty. Ltd.
GF, 67 Epping Road
North Ryde, NSW 2113
PO Box 645, North Ryde BC 1670
Tel.: +61 1800 SMA AUS
www.SMA-Australia.com.au
info@SMA-Australia.com.au

Thursday, 18 July 2013

John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235
Lodged Electronically

Dear Mr. Pierce,

RE: ERC0158 Connecting embedded generators under Chapter 5A, Draft Determination

We would like to thank you for the opportunity to contribute to this process and thanks the Commission for efforts so far on this rule change.

SMA Australia Pty Ltd is a part of the SMA Group generated sales of €932 million in 2013 and is the global market leader for solar inverters, a key component of all PV plants. SMA offers innovative key technologies for future power supply structures. It is headquartered in Niestetal, near Kassel, Germany, and is represented in 21 countries. The Group employs more than 5,000 people worldwide. SMA's broad product portfolio includes a compatible inverter for every type of module on the market and for all plant sizes. The product range includes both inverters for grid-connected photovoltaic plants as well as off-grid and hybrid system technology. The product portfolio is supplemented by comprehensive services and operational management of utility-scale pv-plants. Since 2008, the Group's parent company, SMA Solar Technology AG, has been listed on the Prime Standard of the Frankfurt Stock Exchange (S92) and also in the TecDAX index.

SMA Australia Pty Ltd is a supplier and service provider of Solar Inverters in embedded generation projects, specialising in Residential, Commercial, and Utility Scale Solar Inverter Technology. The vast majority of our work is based in the NEM based states. Since [1 July 2012 in the ACT and Tas, 1 February 2013 in South Australia or 1 July 2013 in NSW] we have been responsible for the manufacturing (through our parent company) and supply (through our distributor customers) of Solar Inverters that have been installed in over a 1000 embedded generation systems rated above 30 kW.

Our experience is that the grid connection process is challenging. While we have had successes and managed to assist our customers achieve a connection in these instances we have taken on considerable risk and costs in doing so. The connection process provides little guidance on how we or our customers

Bank Account Details: SMA Australia P/L, BSB: 342 079, Account #: 109195001, Swift Code: HKBAU2S AU

ABN: 44 127 198 761



should streamline our respective processes to achieve better outcomes. More importantly we do not feel that our built experience with the connection process necessarily translates to improvements in our business operations or profitability. Almost every connection is individual and includes differing challenges, and differing elements of risk presented by the negotiating process.

This frustrating situation has led us to firmly believe that the rules around the connection process require reform. As a CEC member we support that submission to this consultation. In particular we believe that the standardisation of connection processes to the greatest degree possible will be critical to achieving the most efficient and economical outcomes for our business, our customers and the greater embedded generation industry.

The monopoly position of networks creates absolutely no incentive to maximise the efficiency of the connection process through standardisation or negotiations. A rules-based approach is absolutely required to achieve this outcome. The rewards from the CEC's proposed changes for the generation sector will be significant, keeping in mind that we understand that it is difficult to see where the costs or risks that networks face occur.

While we support the Commission's proposed changes we do not believe that they go far enough to resolve the problems as we have experienced from the application of Chapter 5A. So we also support the detailed recommendations set out in the CEC's submission, including

- Reinforcing the capacity for generators negotiating under chapter 5A to manage their risk by making timeframes more specific and reducing the opportunities for the process to be delayed.
- Reinforcing the expectation that networks are clear on the information that the generator needs to provide from very early in the process.
- Ensuring that Chapter 5A does not include options for multiple information requests to impede the information provided to the generator to negotiate effectively.
- Allowing all generators to access the Chapter 5 connection processes where desired, with the selection based solely on the generator's preference, and with the option to select Chapter 5 at the start of the process, or at the point at which the generator is advised that they have to negotiate their connection.

We also strongly support the maximisation of publicly available information. The inclusions proposed by the Commission will make it much easier for us to understand the expectations of the networks during the connection process. Subsequently we will be more equipped to reduce our risk and costs and meet the expectations of our clients.

Yours sincerely,

SMA Australia Pty. Ltd.

Prateek Chourdia

Utility Scale Solutions and Services