



9 August 2012

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

Via website: [www.aemc.gov.au](http://www.aemc.gov.au)

Attention: Ms Anita Lai

Dear Mr Pierce,

### **Connecting Embedded Generators Rule Change Request**

SP AusNet welcomes the opportunity to make this submission in response to the AEMC's Consultation Paper on the "Connecting Embedded Generators" rule change request. The connection of embedded generators involves detailed consideration of network interactions, and connection is accordingly not 'plug and play'. SP AusNet empathises with proponents on the lengthy analysis required to ascertain connection conditions, and considers that improvements can be made.

The Consultation Paper notes that the rule change request seeks to address three areas. These are discussed in turn.

- 1. Connection process and terms & conditions** – amend the connection process to have more prescriptive timeframes for distributors to provide responses; require distributors to publish standard information requirements; and require distributors to set out standard terms for embedded generation connections.

Chapter 5A of the Rules has now been established, although not yet operational in most jurisdictions. This provides for connection of customers who are retail customers, including where this involves embedded generators. Chapter 5A caters for both micro-generators and non-registered generators of all sizes, i.e. up to 30MW. They include a requirement for NSPs to establish standing offers for "basic" embedded generator connections, optional standing offers for "standard" embedded generators, and a process for negotiated connections, which would apply for larger units having a more complex interaction with the network and power system. The rules also require a connection offer to be made in 65 business days.



These rules, rather than Chapter 5, are intended to be applicable to the class of generator relevant to the rules change request, and already provide for many of the proposals in the rules change request. There is risk that the amendment of Chapter 5 to facilitate embedded generator connection will confuse the structure of the Rules and their application by participants.

SP AusNet supports the development of published information to facilitate customer understanding and preparation for consultation on the connection. Guidance is provided on SP AusNet's website in relation to solar connection, however guidance for other classes of embedded generation have not as yet been published. However the published information will be enhanced to include connection related information for other classes of embedded generation, which is required by Clause 5A.D.1 of the Rules.

In SP AusNet's experience, the difficulty and frustration experienced in progressing connection enquiries, including achieving an offer within 65 business days, arises from the need for the parties to develop an agreed understanding of the way in which the proposed generator will interact with and impact the network and power system. Each connection is unique, and standardised information and access requirements are not a practical solution.

SP AusNet considers that embarking on the development of technical standards for all embedded generator connections would be helpful to the negotiation of generator connection. Proponents could assess generation proposals against the standards prior to the connection application process commencing. This would make a material improvement to the negotiation of generator connections. Australia is lagging overseas jurisdictions in this area. Examples of such standards include the IEEE1547 series standards in the USA and the G83 and G59 Connection Standards applied in the UK. Some development work has been conducted by the ENA which could serve as a basis for developing Australian standards.

- 2. Technical requirements** – introduce an automatic access standard for embedded generators; and give embedded generators the right to export electricity to the network.

As discussed in the previous section, SP AusNet supports the development of technical standards for embedded generators. However this is not to imply that common technical requirements would apply for all generators. We do not think that automatic access standards would be applicable as the network's capability to safely support generation at load connection points without impacting other network users is extremely variable. For example, the fault level contribution from a generator permissible at a CBD location could restrict the size of the generator that can be connected whereas on a weaker part of the network no restriction may apply.

Not all embedded generators are connected to the power system with export capability. The connection may be associated with back-up supply arrangements. Where the generator wishes to export electricity to the network the generator connection must satisfy the necessary technical requirements. The generator's ability to export may also depend on whether export is constrained by the capability of the network, which may need to be augmented to permit the level of export desired by the generator. The right to export is accordingly subject to the technical and commercial decision-making of the proponent.

- 3. Connection and augmentation costs** – exclude embedded generators from paying shared network augmentation costs; allow network service providers the option to charge a fee for service to provide services to embedded generation proponents at the project development stage.

SP AusNet does not support embedded generation exclusion from paying shared network augmentation costs. This would be inconsistent with the AER's June 2012 decision on its Connection Charging Guideline which is directly applicable to embedded generators. The AER has reasoned that embedded generators should meet the cost of removing constraints. SP AusNet agrees with the AER decision, on the basis of user pays principles as noted by the AER.

In principle SP AusNet does not object to the concept of an optional 'fee for service' however there would appear to be no restriction on the provision of this service now, and no rule change is required.

- 4. Other changes** – require distributors to publish annual network reports and make various other consequential amendments.

SP AusNet considers that the reporting obligations for network service providers under the Distribution Network Planning and Expansion Framework, per the AEMC's draft rules, achieve the reporting intentions set out in the rule change request.

We look forward to participating in the subsequent phases of the AEMC's review process and would be pleased to respond to any queries the Commission may have regarding this submission.

Yours sincerely,



Kelvin Gebert

**Manager Regulatory Frameworks**