



Government  
of South Australia

Department for  
Energy and Mining

Our Ref: D2004317

Ms Merryn York  
Acting Chair  
Australian Energy Market Commission  
GPO Box 2603  
SYDNEY NSW 2000

Dear Ms ~~York~~ *Merryn*

**Consultation Paper – Generator registrations and connections consultation paper**

Thank you for the opportunity to comment on the Australian Energy Market Commission's (AEMC) consultation paper *Generator registrations and connections*.

As the National Electricity Market (NEM) continues to transition from the traditional one-way power system to a technology neutral and more dynamic market, the ability to continue to balance the demand for energy and the supply of energy is an issue which warrants further discussion. Inherent in this ability is the need for adequate transparency, as identified in the two rule change requests from the Australian Energy Council (AEC) and Mr Damien Vermeer.

As noted in Table 2.3 of the Consultation Paper, whilst NEM wide, the amount of non-scheduled generation as a proportion of total generation has increased from around 5.4% to a maximum of 6.6% in the period 2010 to 2020, in South Australia, the increase has been more pronounced. Figure 2.2 shows this most clearly in the period from 2017 where it increased to 12% and has since stabilised at this level, compared to other jurisdictions where the trend has been a decreasing one.

As such, whilst the individual impact of a single embedded generator of less than 30MW may not be significant, as a cohort, the impact of their collective generation capacity has the potential to significantly impact the efficient management of the system, particularly where there is limited visibility.



**Government  
of South Australia**

Department for  
Energy and Mining

For this reason, the level of penetration of smaller embedded generation in South Australia and the need to maintain adequate regulatory as well as administrative and operational oversight, whilst balancing this with the associated costs to market participants as well as market bodies (and ultimately end consumers), is a policy question of which the Energy and Technical Regulation Division (the Division) is acutely aware and welcomes further discussion on.

This rule change consultation process provides a timely opportunity for this to occur. Its interaction with the broader work being done by the Energy Security Board is also appreciated.

In response to the AEMC's consultation question regarding the timing of any proposed solution, the Division is of the view that there are a number of factors which warrant the matter being considered sooner rather than later. The rapid development of technology, the time needed for a regulatory change to be implemented, noting this would require both rule changes and amendments to AEMO's exemption guidelines and processes, as well as the proposed grandfathering of any changes such that they would only apply to new applicants, all suggest a timely decision should be made.

The Division is also interested in any feedback on alternatives to the single threshold level being proposed by the AEC and Mr Vermeer. For example, whether the physical nameplate capacity of the unit should be the only factor used to determine its generation category. Other factors could include its physical configuration and whether it operates in isolation or has some interaction with other units. Consideration could also be given as to whether different obligations could be placed on generators that fall within the 5 to 30MW category where, for example, it makes more economic sense for a unit closer to the upper limit of the threshold to be centrally dispatched but not for all units at the lower end, closer to 5MW.

More broadly, South Australia supports the AEMC's proposed assessment framework which will look at the ability for the proposed changes to enhance security and reliability, promote transparency, promote efficient investment and minimise the administrative and regulatory burden. In addition, any impacts on end-use customers with respect to price, quality and reliability of supply should also be considered.

It is hoped that a wide range of existing and prospective market participants, market bodies, regulators and other stakeholders will engage and put forward their unique perspectives to contribute to an informed and considered debate.





**Government  
of South Australia**

Department for  
Energy and Mining

The Division is particularly interested in the responses from an operational and administrative perspective, including any associated regulatory costs, under the current exemptions and generator registration processes, as well as those envisaged with the proposed amendments and any alternative solutions.

The Division looks forward to further engagement with the AEMC on this matter and the next stage in this consultation process.

Should you have any questions in relation to this submission, please contact Ms Rebecca Knights, Director, Energy Policy and Projects, Department for Energy and Mining on (08) 8429 3185.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Vince Duffy".

Vince Duffy

**EXECUTIVE DIRECTOR, ENERGY AND TECHNICAL REGULATION DIVISION**

22 / 12 / 2020

