



Draft National Electricity Amendment (Access, pricing and incentive arrangements for distributed energy resources) Rule 2021

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

Draft National Electricity Amendment (Access, pricing and incentive arrangements for distributed energy resources) Rule 2021

1 Title of Rule

This Rule is the *Draft National Electricity Amendment (Access, pricing and incentive arrangements for distributed energy resources) Rule 2021*.

2 Commencement

Schedules 1 and 3 of this rule commence operation on 1 July 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] Rule 5.2A Transmission network connection and access

In the table in rule 5.2A(a), in the first row under the heading "**Example of service**", omit "aquisition" and substitute "acquisition".

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

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

[6] 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*".

[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] Schedule 5.8 Distribution Annual Planning Report

In subparagraph (b)(2) of Schedule 5.8, omit "*load forecasts*" and substitute "*forecasts of load and generation capacity of known embedded generating units*".

[9] Schedule 5.8 Distribution Annual Planning Report

In Schedule 5.8, at the end of subparagraph (b)(2)(vii), omit ";" and substitute "; and".

[10] Schedule 5.8 Distribution Annual Planning Report

In Schedule 5.8, at the end of subparagraph (b)(2)(viii), omit "and".

[11] Schedule 5.8 Distribution Annual Planning Report

In Schedule 5.8, omit subparagraph (b)(2)(ix).

[12] Schedule 5.8 Distribution Annual Planning Report

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

[13] Schedule 5.8 Distribution Annual Planning Report

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*".

[14] Schedule 5.8 Distribution Annual Planning Report

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

[15] 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*".

[16] Schedule 5.8 Distribution Annual Planning Report

In paragraph (1) of Schedule 5.8, after "demand management activities", insert "and activities relating to *embedded generating units*".

[17] Schedule 5.8 Distribution Annual Planning Report

After subparagraph (1)(2) of Schedule 5.8, insert:

- (3) in relation to all new *connections* to the *Distribution Network Service Provider's network* during the preceding year of *retail customers* who are *micro embedded generators* or *non-registered embedded generators*, the average, by:

- (i) type of *retail customer (micro embedded generator or non-registered embedded generator)*; and
 - (ii) type of feeder,
- of each of the following:
- (iii) the maximum capacity of the *connection* to import and export electricity sought in the enquiry under clause 5A.D.2; and
 - (iv) the maximum capacity of the *connection* to import and export electricity agreed in the *connection contract*; and
- (4) a quantitative summary for the preceding year of:
- (i) *enquiries* under clause 5A.D.2 in relation to the *connection* of *micro embedded generators* or *non-registered embedded generators*;
 - (ii) applications for *new connections* or *connection alterations* under clause 5A.D.3 in relation to *micro embedded generators* or *non-registered embedded generators*;
 - (iii) the number of *retail customers* provided zero export limits or provided with export capacity lower than requested; and
 - (iv) the estimated volume of electricity that could not be exported due to system limitations;

[18] 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*".

[19] 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**".

[20] 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*.

[21] 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)".

[22] 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.

[23] 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*".

[24] 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*".

[25] 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*".

[26] 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*".

[27] Clause 5A.E.4 Payment of connection charges

In clause 5A.E.4(a), after "*customer's retailer*", insert "or *Market Small Generation Aggregator*".

[28] Clause 5A.E.4 Payment of connection charges

In clause 5A.E.4(a)(3), after "the *retailer*", insert "or *Market Small Generation Aggregator*".

[29] Clause 5A.E.4 Payment of connection charges

In clause 5A.E.4(b), after "customer's *retailer*", insert "or *Market Small Generation Aggregator*".

[30] Clause 5A.E.4 Payment of connection charges

In clause 5A.E.4(c), after "to the *retailer*", insert "or *Market Small Generation Aggregator*".

[31] 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**".

[32] Clause 5A.F.7 Energisation where new connection

In clause 5A.F.7, after "submitted by a *retailer*", insert "or *Market Small Generation Aggregator*".

[33] Clause 5A.F.7 Energisation where new connection

In clause 5A.F.7, after "contract with a *retailer*", insert "or *Market Small Generation Aggregator*".

[34] Schedule 5A.1 Minimum content requirements for connection contract

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 generation unit operator*".

[35] Schedule 5A.1 Minimum content requirements for connection contract

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

[36] Schedule 5A.1 Minimum content requirements for connection contract

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

[37] Schedule 5A.1 Minimum content requirements for connection contract

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

[38] Schedule 5A.1 Minimum content requirements for connection contract

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

[39] Schedule 5A.1 Minimum content requirements for connection contract

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

[40] Schedule 5A.1 Minimum content requirements for connection contract

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

[41] Schedule 5A.1 Minimum content requirements for connection contract

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

[42] Schedule 5A.1 Minimum content requirements for connection contract

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

[43] Schedule 5A.1 Minimum content requirements for connection contract

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

[44] Schedule 5A.1 Minimum content requirements for connection contract

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

[45] Schedule 5A.1 Minimum content requirements for connection contract

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

[46] Schedule 5A.1 Minimum content requirements for connection contract

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

[47] Schedule 5A.1 Minimum content requirements for connection contract

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

[48] Clause 6.1.4 Prohibition of DUOS charges for the export of energy

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

[49] Clause 6.2.2 Classification of direct control services as standard control services or alternative control services

In clause 6.2.2(c)(2), after "potential users", insert "of the relevant service".

[50] 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".

[51] 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".

[52] 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.

[53] Clauses 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;

[54] 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;

[55] Clause 6.5.8 Efficiency benefit sharing scheme

In clause 6.5.8(c)(1), omit "electricity consumers" and substitute "*distribution service end users*".

[56] 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*".

[57] 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*".

[58] 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*".

[59] Clause 6.6.1 Cost pass through

In clause 6.6.1(1)(ii), after "the *retailer*", insert "or *Market Small Generation Aggregator*".

[60] 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*".

[61] Clause 6.6.2 Service target performance incentive scheme

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

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

[62] Clause 6.6.2 Service target performance incentive scheme

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

[63] Clause 6.6.2 Service target performance incentive scheme

Omit 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.

[64] Clause 6.6.3 Demand management incentive scheme

In clause 6.6.3(b), after "relating to demand management", insert "including demand for export services".

[65] 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 export services".

[66] Clause 6.6.4 Small-scale incentive scheme

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

[67] 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*".

[68] 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 description of the *Distribution Network Service Provider's* approach to providing for the costs of *distribution services* provided to *micro embedded generators* and *non-registered*

embedded generators, including through the *regulatory proposal*;

- (4) a description of the other approaches considered by the *Distribution Network Service Provider* in deciding on the approach referred to in subparagraph (3), including relevant proposals from *retail customers*, and how they compare to the chosen approach;
- (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* to *micro embedded generators* and *non-registered embedded generators* for the current *regulatory control period* and its actual or committed capital expenditure for that purpose and explanation for any material differences between the two amounts.

[69] Clause 6.18.1A Tariff structure statement

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

- (2A) a description of the 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*);

[70] 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 ";".

[71] 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.

[72] Clause 6.18.1C Sub-threshold tariffs

In clause 6.18.1C(a), after "affected *retailers*", insert "and *Market Small Generation Aggregators*".

[73] 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 "extend of their usage", insert "of *distribution services*".

[74] 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*".

[75] 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]".

[76] 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".

[77] 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.

[78] Clause 6.18.5 Pricing principles

In clause 6.18.5(f)(2), omit "part of the *distribution network*" and substitute "service".

[79] Clause 6.18.5 Pricing principles

In clause 6.18.5(g)(3), after "efficient usage", insert "of the relevant service".

[80] 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 being understood by *retail customers* that are or may be assigned to that tariff (including in relation to how usage decisions or controls may affect the amounts paid by those customers) or of 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:
 - (1) the type and nature of those *retail customers*;
 - (2) the information provided to, and the consultation undertaken with, those *retail customers*; and
 - (3) the information provided by, and consultation undertaken with, *retailers* or *Market Small Generation Aggregators*.

[81] Clause 6.20.1 Billing for distribution services

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

[82] Clause 6.20.1 Billing for distribution services

In clause 6.20.1(a)(2)(ii), after "agreed energy", insert "consumption or export".

[83] 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).

[84] 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 it purchases or sells electricity agree".

[85] Clause 6.20.1 Billing for distribution services

In clause 6.20.1(e)(2), after "*Market Customer*", insert "and *Market Small Generation Aggregators*".

[86] 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*".

[87] 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)".

[88] 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*".

[89] 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*".

[90] Clause 6B.A1.2 Definitions

In clause 6B.A1.2, after "In this Part", insert "(other than this Division 1)".

[91] 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*".

[92] 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*".

[93] Clause 6B.A1.2 Definitions

In clause 6B.A1.2, insert the following definition in alphabetical order:

retailer includes a *Market Small Generation Aggregator*.

[94] 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 *distributor's distribution system*.

[95] 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".

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

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

[97] 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*".

[98] 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*".

[99] 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*".

[100] 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*".

[101] 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*".

[102] Chapter 10 Glossary

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

[103] Chapter 10 Glossary

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

[104] Chapter 10 Glossary

In Chapter 10, in the definition of "*Embedded Generator*", omit the "**Note**" in its entirety.

[105] 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*".

[106] Chapter 10 Glossary

In Chapter 10, in the definition of "*micro EG connection*", omit "(in the context of Chapter 5A)".

[107] 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".

[108] Chapter 10 Glossary

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

[109] 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*".

[110] 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.

[111] Chapter 10 Glossary

In Chapter 10, in the definition of "*Retail Market Procedures*", after "*supply of electricity to retail customers*", insert ", export of electricity by *retail customers*".

[112] Chapter 10 Glossary

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

[113] Chapter 10 Glossary

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

[114] Chapter 10 Glossary

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*".

[115] Chapter 10 Glossary

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

[116] Chapter 10 Glossary

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* relating to the transfer of electricity generated by a *distribution service end user* into a *distribution network*, excluding charges for the provision of connection services (as defined in Chapter 5A).

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.

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*".

[2] New clause 6.8.1B 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* in relation to *export tariffs*; and
 - (4) any other matters the *AER* considers appropriate.
- (d) The *Export Tariff Guidelines* are not binding on the *AER* or a *Distribution Network Service Provider*.

[3] New Part J Customer export curtailment values

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:

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).

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.

- (b) The *AER* must, in accordance with the *Rules consultation procedures*:
- (1) develop a methodology to be used by the *AER* to calculate customer export curtailment values (**CECV methodology**) each year; and
 - (2) review and 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 ZZZZ[X] Access, pricing and incentive arrangements for distributed energy resources

After Part ZZZZ[X] in Chapter 11, insert a new Part:

Part ZZZZ[X] Access, pricing and incentive arrangements for distributed energy resources

11.[XXX] Rules consequential on the making of the National Electricity Amendment (Access, pricing and incentive arrangements for distributed energy resources) Rule 2021

11.[xxx].1 Definitions

- (a) In this rule 11.[xxx]:

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

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.

new clauses S5.8(1)(3) and (4) means clauses S5.8(1)(3) and (4) 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.

- (b) Italicised terms used in this rule 11.[xxx] have the same meaning as in Chapter 10 as in force on and from the commencement date.

11.[xxx].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*; and

- (3) the *Cost Allocation 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.[xxx].3 Performance incentive schemes for export services

- (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 maintain and improve performance in relation to *network services* provided to *retail customers* for *supply* from *embedded generating units* to 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.[xxx].4 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.[xxx].5 Annual benchmarking report

- (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 *AER's 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.[xxx].6 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.[xxx].7 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
 - (2) 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.[xxx].8 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.[xxx].9 Distribution Annual Planning Report

A Distribution Network Service Provider is not required to include the information in new clauses S5.8(1)(3) and (4) in a Distribution Annual Planning Report that has a DAPR date falling before the first anniversary of the commencement date.