

Summary of the Implementing the Embedded Generation Rule Change Report

Background

In October 2014, new electricity market rules commenced which were intended to make it easier, cheaper and faster for embedded generators above 5 MW – including cleaner energy systems such as co- and tri-generation and solar PV – to connect to the national electricity grid. The rules were proposed by ClimateWorks Australia, the Property Council of Australia and Seed Advisory, and benefit consumers by reducing the time and expense of connecting embedded generators and encouraging the efficient adoption of embedded generation. This current report assesses the extent to which distribution network service providers (DNSPs) have implemented these new rules.

Assessment of compliance

The initial assessment of compliance in November 2014 found that only half of the DNSPs had reached a reasonable level of compliance. At that time, none were fully compliant, although one came close to full compliance and several more were constrained by confidentiality and data availability issues. However, following this assessment and engagement with DNSPs, almost all are now providing the required information and processes to help embedded generation applicants connect systems to electricity networks” (see ‘before and after’ chart overleaf). It is clear from the review that better regulatory monitoring and oversight is needed.

Review of model connection agreements

The project included a review by Herbert Smith Freehills of the model connection agreements required to be provided by DNSPs under the new rules. The review uncovered no non-compliance with the rules, but did identify many areas where some model agreements favour DNSPs, and the report provides detailed guidance for connection applicants looking to negotiate these agreements.

Review of technical standards

The project also included a review by Wood and Grieve Engineers of the technical elements of DNSPs’ published materials, which found that even within jurisdictions, distributors take materially different approaches to the standards that are to be applied by project proponents.

Areas for further work

Finally, the project identifies areas for further improvement in the process, including among others:

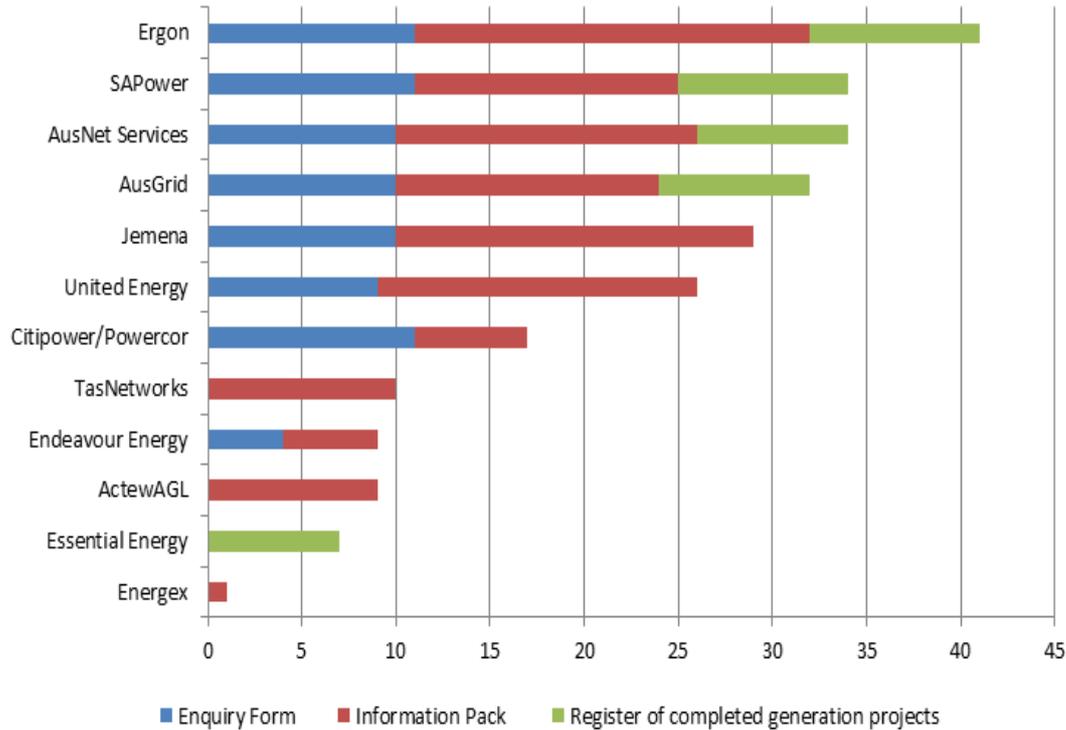
- the issue of how best to treat embedded generators who are required to pay for new infrastructure which is later used by others;
- the wide variability of costs associated with connection applications in different distribution networks;
- the potential to standardise technical standards across distribution networks.

Further information

The full report is available via the ClimateWorks, Property Council and Seed Advisory’s websites. For further information please contact Patricia Boyce on +613 9658 2352.

The new rules include requirements relating to enquiry forms for connection applications, information packs for prospective applicants, and provision of registers of completed connections. There are 44 separate requirements. We have scanned each DNSP's website and recorded one point for every individual requirement met. The results of our preliminary assessment in November 2014, and subsequent assessment in March 2015 are below.

Measured DNSP Compliance, November 2014



Measured DNSP Compliance, March 2015

