

## MEDIA RELEASE

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### **National rule reforms will boost cleaner energy**

The Australian Energy Market Commission (AEMC) last week released its draft determination on a proposal to promote cleaner, medium sized embedded energy systems.<sup>1</sup> The proposal, by ClimateWorks Australia, the Property Council of Australia and Seed Advisory, recommends changes to the National Electricity Rules (NER) for simpler, inexpensive connections to the national electricity grid.

The AEMC's draft determination accepts many of the solutions put forward by the proposal's proponents. When implemented, these solutions will improve connections through better information, greater certainty, and a faster, less expensive process. The rule changes will take effect from 1 July 2014, following the publication of the AEMC's final determination in October 2013.

ClimateWorks Chairman, John Thwaites, said "the rule change request was the first customer led proposal to amend the NER aimed at reducing connection barriers for embedded energy systems." "Equally significant, the proposal received a record number of supporters from community groups, NGOs, businesses and governments," Mr Thwaites emphasised.

Australia now has over one million homes with micro solar systems. Central to this success is the ability of households to receive easy connections to electricity distribution networks. Importantly, they do not have to negotiate individual terms with distribution companies. In contrast, companies and households that wish to install energy systems larger than micro ones face many difficulties.

Property Council Chief Executive, Peter Verwer, said "businesses face connection times of up to three years while incurring enormous costs. In the absence of clear rights and conditions, businesses can negotiate endlessly with monopoly distribution companies. Many give up when presented with this daunting reality, which is a wasted opportunity for enhancing cleaner energy."

"The proposed solutions in the AEMC's draft should assist to deliver connections within four to six months, Mr Verwer said."

#### ***Features of the proposed connection process in the AEMC's draft determination***

- Better certainty on timeframes, with maximum limits at each stage.
- Enquiry forms to be created and published by electricity distributors.
- Information packs to be provided by electricity distributors, including: distributor's technical standards, costs, application details, timing and a model connection agreement.
- Location specific network information for customers by distributors.
- Expert appraisal process for technical disputes with an independent engineer.
- A register of compliant equipment to be published and maintained by distributors. This will assist customers early in their projects to decide on relevant, proven equipment.

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<sup>1</sup> Embedded energy systems (generators) are those that are connected to an electricity distribution network within the National Energy Market (NEM). This includes technologies such as co/trigeneration, solar PV, micro wind and others.

- The AEMC allows for the development of a national technical standard(s). This will provide a foundation for a future automatic right of connection. A Department of Resources Energy and Tourism (DRET) study by AECOM found that energy stakeholders overwhelmingly seek a national standard(s).

The AEMC acknowledged: the broad coalition of supporters; the demonstrated difficulties embedded generation customers face negotiating with electricity distributors; the need to establish rights and obligations for project proponents and distributors in the NER; and customers will benefit from efficient investment in embedded generation as a result of the reforms.

“These reforms are welcomed as barriers to connection have been widely known for over a decade. The AEMC, though, can still do more, especially to provide customers with greater connection rights and allocating electricity network upgrade costs more equitably,” Mr Verwer said.

ClimateWorks, the Property Council and Seed Advisory will meet the AEMC this month to discuss further improvements to the proposed connection process.

#### ***Improvements needed to the AEMC’s draft determination and connection process***

1. Maximum timeframes better aligned to commercial development timeframes.
2. Improved definition of the agreed project. It should be clearly based on performance criteria, not equipment specific criteria or left to distributors’ discretion.
3. Government and industry to develop an automatic access standard(s). This will be easier after 1 July 2014 when distributors’ technical registers are online.
4. Spreading network augmentation costs fairly amongst customers.
5. Greater customer export rights.

Organisations with an interest in co/trigeneration and other embedded generation technologies are encouraged to provide their views on the proposals in the AEMC’s draft determination. Submissions are open until 8 August 2013.

The AEMC’s draft determination can be accessed at <http://www.aemc.gov.au/Electricity/Rule-changes/Open/connecting-embedded-generators.html>

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