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**By email: [connectionchargeguidelinereview@aer.gov.au](mailto:connectionchargeguidelinereview@aer.gov.au)**

Dear Mr Anderson,

### **Ausgrid submission re AER's draft connection charge guidelines Version 3.0 for consultation**

Ausgrid is pleased to provide this submission on the Australian Energy Regulator's (AER) Draft Connection charge guideline Version 3.0 for consultation (**draft guideline**).

Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometres from the Sydney CBD to the Upper Hunter.

The draft guideline have overall struck a good balance in facilitating a sensible pathway for networks to implement static zero export limits in a transparent, consistent way utilising the proposed principles. We set out below some suggestions for how the draft guideline could be improved to ensure it avoids unintended consequences and is fit for purpose.

#### **Assessment, information, publication and review requirements**

##### *Principles for assessment*

We suggest the principles for the standard assessment framework should include the following additional principles:

1. a DNSP is not prevented from applying a static zero export limit to a customer if the network has not made available and activated for use a dynamic response system at that location irrespective of the capability of the customer's equipment<sup>1</sup>; and
2. a DNSP is not required to undertake an individual cost benefit analysis before applying a static zero export limit or in reviewing whether to lift a static zero export limit (whether initiated by a customer or the network)<sup>2</sup>.

##### *Publication of assessment framework*

Ausgrid supports the draft guideline's requirement that networks should publish their assessment framework on their websites, however we do not agree that this framework should also be included in our connection policies. This is because generally connection policies are developed as part of the regulatory determination process and approved for a five-year period and do not normally change over this period. Where a change is warranted, this can often result in a relatively lengthy process.

In contrast to connection policies, the proposed assessment frameworks will be informed by the best available modelling and engineering data and are likely to be a much more dynamic documents that may change a number of times over a five-year period as the data that underpins them improves. The requirement to publish the assessment framework on networks'

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<sup>1</sup> To ensure consistency with clause 7A.1.4

<sup>2</sup> To align with the basis for why a standard assessment framework is appropriate

website balances transparency with flexibility and will allow networks to efficiently and quickly refine processes as data visibility improves.

#### *Reviewing static zero export limits*

We are concerned that the requirement for networks to review whether to lift zero static export limits following any network augmentation may be too broad as currently drafted (proposed clause 7A.1.7).

As currently drafted such a review may require networks to trigger a review for any augmentation work, whether initiated by networks or customers. There is also the issue that any augmentation work potentially could impact existing constraints and therefore being required to track and review effectively all augmentation work would impose an unreasonable cost and compliance burden on networks.

We suggest this clause be amended, as follows, to ensure such reviews only relate to augmentations initiated by networks that seeks to target specific constraints for customers currently on zero static export limits:

*7A1.7 The distribution network service provider must review the static zero export limit imposed on existing micro embedded generators following any network augmentation works they have initiated to remove those limits on those micro embedded generators that will lead to the removal of the original imposed static zero export limit arising from the augmentation, where the benefits of doing so are likely to exceed the costs.*

#### **Dynamic response systems**

Ausgrid supports the intent of proposed clauses 7A1.4 and 7A1.5(b) of allowing networks to impose a zero static export limit if they have not yet implemented dynamic response systems or dynamic operating envelopes on their networks either as a whole or in a particular part of their network.

We suggest amending proposed clause 7A1.5(b), as follows, so that it is more clear that it does not operate if clause 7A1.4 has not been enlivened by a network implementing these systems, either for the whole or part of the network:

*7A.1.5 Prior to imposing a static zero export limit to a connection applicant, the distribution network service provider must:*

- a) provide the reasons regarding the technical and economic considerations that led to the static zero export limit to the connection applicant; and*
- b) if clause ~~Subject to clause~~ 7A.1.4 applies, inform the connection applicant of the option of installing a suitable dynamic response system as specified by the distribution network service provider in order to avoid a static zero export limit being imposed.*
- c) Inform the connection applicant on whether there are alternative dispute resolution channels available to help negotiate a suitable export limit other than a static zero limit.*

*Clause 7*

*Note: Such channels could include the relevant Energy Ombudsman Scheme.*

#### **Network augmentations that do not meet the economic test**

We support the AER's draft position that – at locations where it is not prudent or efficient to augment the local network to increase the CER hosting capacity – if customers wish to avoid a

static zero export limit, those customers should contribute to or pay for the costs of the required network augmentation.

However it is important that networks have the ability to generally review customer's requests before agreeing to the proposed augmentation to make sure they are efficient and do not have any unintended consequences. This is consistent with Ausgrid's and other networks connection policies (For example for Ausgrid see clause 1.9 and for Essential Energy see clause 2.7 of the respective connection policies). Accordingly we suggest proposed clauses 7A1.10-7A.1.13 should be amended to only provide for this to occur where a network agrees with the customer's request.

We thank the AER for the opportunity to provide this submission and look forward to continued collaboration with the AER on this issue. Should you wish to discuss any of the issues raised in this submission further, please contact [REDACTED], Planning Policies and Procedure Manager at [REDACTED]

Regards,

[REDACTED]

Matt Webb

Head of Asset Investment