

21 November 2022

Mr Warwick Anderson
General Manager, Network Pricing
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Warwick

RE Connection charge guideline review

TasNetworks appreciates the opportunity to provide comments to the Australian Energy Regulator (**AER**) regarding the draft *Connection charge guideline* (the Guideline) released for consultation on 11 October 2022, which includes a description of the circumstances in which distribution network service providers (**DNSPs**) might apply static zero export limits to micro embedded generators seeking connection to a network. It is noted that the new Guideline will not take effect in Tasmania until 1 July 2024.

There will inevitably be situations, hopefully infrequent, where the injection of additional energy into a distribution network by embedded generators risks events such as voltage spikes or the thermal overloading of transformers, and augmentation of the network to prevent those issues is neither prudent nor efficient. Even if it is seldom used, it is important, therefore, that the ability to set static zero export limits for customers with embedded generation is amongst the tools available to DNSPs to manage their networks. TasNetworks is, therefore, supportive of the policy direction taken by the Australian Energy Market Commission (**AEMC**) in not prohibiting the imposition of static zero export limits¹ and supports the intent of the changes to the *Connection charge guideline* proposed by the AER.

There are a number of areas for clarification which TasNetworks would like to bring to the AER's attention. The first is that we are of the view that the requirement in the draft Guideline for DNSPs to include the frameworks they use to assess the application of static zero export limits as part of their connection policies should be reconsidered. Connection policies are developed every five years during the regulatory determination process and enshrining an assessment framework in a connection policy would mean that continuous improvement/updates of DNSPs' assessment approaches as, for example, more power quality data from advanced meters becomes available, would not be possible outside of the regulatory determination process. The publication of assessment frameworks on DNSPs' websites would, in TasNetworks' view, strike an appropriate balance between transparency and flexibility.

TasNetworks is also of the view that the proposed drafting of the Guideline imposes an onerous requirement on DNSPs to undertake individualised cost benefit analysis before applying a static zero export limit to a specific customer. We note that such an obligation would be unnecessarily costly and time-consuming, a cost which the wider customer base would carry with little in the way of corresponding benefit.

¹ AEMC, *Access, pricing and incentive arrangements for distributed energy resources*, Rule determination, August 2021

TasNetworks notes that the current drafting of the Connection charge guidelines precludes the application of a static zero export limits if a micro embedded generator has a suitable dynamic response system in place, meaning a system which is of a type and specification stipulated by the relevant DNSP. However, the draft Guidelines also provide that this clause will not apply where a distributor has not identified a suitable dynamic response system for a particular location. TasNetworks supports the inclusion of both of those provisions.

In addition, TasNetworks considers that the application of a static zero export limit should also be possible if a dynamic response system is not available for use at a particular location, even though the connection applicant may have a suitable dynamic response system in place. Dynamic response systems are not yet widely used by DNSPs and it would be inappropriate to preclude the use of static zero export limits on the basis of an assumption that the implementation of dynamic response systems by DNSPs will always deliver value to the customer and/or wider network users.

The draft Guideline provides that in cases where a static zero export limit condition has been applied to a connection applicant, five years after the connection was completed the applicant may seek a review of the limiting condition placed on the export of energy. Just as the draft Guideline obligates DNSPs to revisit the application of static zero export limits in light of network augmentation that might enable the lifting of those limits, TasNetworks considers it appropriate that there be review mechanisms available to customers as a means of ensuring that static zero export limits are not left in place unnecessarily. However, we are of the view that further clarification of the review mechanisms is warranted, in terms of their availability and triggers, noting the observation in the AER’s explanatory note to the Connection charge guideline review that there are likely to be only limited circumstances in which a customer might seek a review of a static zero export limit.

Lastly, TasNetworks would prefer the Guideline to refer to the *application* of static zero export limits, rather than their *imposition*. In our view, to *impose* a condition on the export of energy by a connection applicant suggests an arrangement which is excessive, arbitrary or not sanctioned by the regulatory framework, when the restriction of exports is none of those things.

Once again, thank you for the opportunity to review the latest draft of the *Connection charge guideline*. To discuss the views expressed in this letter, or how TasNetworks might be of further assistance to the AER in revising the Guideline, please contact [REDACTED].

Yours sincerely

[REDACTED]

Chantal Hopwood
Head of Regulation