

Information Paper: The obligations of distributors and generators under the Distributed Generation Regulations

Electricity Governance (Connection of Distributed Generation) Regulations 2007

9 March 2009

Overview

1. The purpose of this document is to provide a high level overview of the Electricity Governance (Connection of Distributed Generation) Regulations 2007 (DGRs), with a focus on explaining the basic obligations on relevant parties. Accordingly, this document is no substitute for detailed assessment of the DGRs. The Electricity Commission (Commission) encourages participants to seek independent legal advice.

2. The DGRs define distributed generation as:

Distributed generation means equipment used, or proposed to be used, for generating electricity that—

(a) is connected, or proposed to be connected, to a distribution network, or to a consumer installation that is connected to a distribution network; and

(b) is capable of injecting electricity into that distribution network

3. The DGRs define their purpose as:

The purpose of these regulations is to enable connection of distributed generation where connection is consistent with connection and operation standards.

4. The Government Policy Statement (GPS) further alludes to the purpose of the DGRs:

Distributed generation is expected to play an increasingly important role in meeting electricity demand as the cost of smaller-scale and new renewable technologies continues to decline. Distributed generation can improve security of supply by creating diversity of fuel types, locations and technologies, and, where appropriately sited, helps reduce the need for transmission and distribution upgrades. Accordingly, it is important that there are no unnecessary barriers to its development.

5. The DGRs came into force on 30 August 2007.

Glossary of abbreviations and terms

Act	Electricity Act 1992
Board	Electricity Commission Board
Commission	Electricity Commission
DGRs	Electricity Governance (Connection of Distributed Generation) Regulations 2007
GPS	Government Policy Statement on Electricity Governance (May 2008)
Regulations	Electricity Governance Regulations 2003
Rules	Electricity Governance Rules 2003

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Introduction

1. Structure of the DGRs
 - (a) Regulations 1-17 are the overall framework for the DGRs. They set out the functions of the schedules and the overall process.
 - (b) Schedule 1 sets out the process for connecting distributed generation. The application process is split into 2 categories, those for connection of distributed generation less than or equal to 10kW in capacity and those for distributed generation that is greater than 10kW. The parties cannot contract out of the requirements of Schedule 1.
 - (c) Schedule 2 sets out the default terms for connection. These can be contracted out of but apply if no other agreement has been reached.
 - (d) Schedule 3 sets out the default dispute resolution process. Where parties believe that regulated terms have not been met, and the parties are unable to resolve the dispute with each other, a dispute may be lodged with the Commission. Voluntary contractual terms are not covered by this schedule.
 - (e) Schedule 4 contains the pricing principles that distributors need to apply to determine connection charges if they opted for the regulated terms.
 - (f) Schedule 5 contains the maximum fees a distributor may charge for processing applications for connection and for the observation of testing and inspection.
2. Application of the DGRs
 - (a) The obligations placed on distributors within the DGRs apply to all distributors as defined in section 2(1) of the Electricity Act 1992 (Act). This includes any local network, embedded network or customer network. So long as the distributor provides, maintains and operates 'works for the conveyance of electricity', then the DGRs apply to them.
 - (b) Despite the total application of the DGRs, not all distributors can have generation connected to their network that is defined as distributed generation. Any embedded network where less than 2.5GWh is conveyed per year does not meet the definition of a distribution network. Distributed generation is defined by its connection to a distribution network.

Key obligations

3. Distributors must make the following information available via their websites and at their premises:
 - (a) application forms for connection of distributed generation;
 - (b) the distributor's connection and operation standards;
 - (c) a copy of the regulated terms, together with an explanation of how the regulated terms will apply if:
 - (i) approval to connect distributed generation is granted; and
 - (ii) the distributor and the generator do not enter into a connection contract outside the regulated terms.
 - (d) a statement of the policies, rules, or conditions under which distributed generation is, or may be, curtailed or interrupted from time to time in order to ensure that the distributor's other connection and operation standards are met; and
 - (e) the application fees specified by the distributor in respect of applications for connection of distributed generation.
4. Distributors and Generators can choose to enter into either of the following:
 - (a) Regulated terms. By choice, or by failing to agree to terms of their own, the parties will be opting for the regulated terms as detailed in Schedules 2-4; or
 - (i) An agreement under the regulated terms can still have extra terms added as per Regulation 10 of the DGRs.
 - (b) Contracted terms. By agreeing to vary from any of the terms in Schedules 2-4, the parties will be opting for an unregulated contract. A breach of the terms of such a contract is not a breach of the DGRs.
5. Distributors must act at arms length
 - (a) Regardless of any beneficial interests, distributors must treat all prospective generators with the same reasonable standard of service in relation to processing and considering applications for connection of distributed generation, and in the connection of that distributed generation.

6. Mandatory connection procedures

- (a) Distributors and Generators must adhere to the mandatory terms of connection detailed in Schedule 1. The application process is split into 2 categories, those for connection of distributed generation less than or equal to 10kW in capacity and those for distributed generation that is greater than 10kW. While the DGRs treat these separately, an overview of the entire process is provided in Figure 1.

7. Publication of information

- (a) Distributors are required under the DGRs to annually provide certain information to the Commission. Distributors must supply a report to the Commission by 1 April each year, in relation to the preceding calendar year, containing:
- (i) the number of applications received for distributed generation of 10kW or less;
 - (ii) the number of initial applications received for distributed generation greater than 10kW;
 - (iii) the number of final applications received for distributed generation greater than 10kW;
 - (iv) the number of those applications that required an extension of time for processing;
 - (v) the number of those connections approved;
 - (vi) the number of those connections declined;
 - (vii) the number of those connections completed;
 - (viii) in relation to all completed connections, the date of the original application and the eventual date of connection;
 - (ix) in relation to all completed connections, whether the distributed generation was connected outside the regulated terms or on the regulated terms
 - (x) in relation to all completed connections, the rated capacity of the generation connected;
 - (xi) the number of all disconnections of distributed generation;
 - (xii) in relation to all disconnections, the dates of disconnection;
 - (xiii) in relation to all disconnections, whether the distributed generation had been connected outside the regulated terms or on the regulated terms; and
 - (xiv) in relation to all disconnections, the rated capacity of the distributed generation disconnected.
- (b) Even if a distributor has no information to report, they must still submit a 'nil return' to the Commission.