



## **SEANZ Cross Submission Distributed Generation Pricing Principles**

SEANZ has reviewed the submissions received to this consultation  
By in large the submissions fall into 2 distinct categories:

- EDB's, ENA and EEA supporting a major overhaul of DGPP on the basis that they believe that the current incremental cost allocation method gives an unfair advantage to DG connections, leaving other network users to pay an unfair proportion of costs
- Developers of DG assets who believe that the current DGPP provisions are appropriate and have no issues with paying for fair incremental costs associated with connecting DG to the network and disagree with some of the EA concerns that there are inconsistencies causing DG developers issues.

A common theme across all submitters, which SEANZ supports, is that there needs to be a level playing field for installing generating assets (including battery storage).

Across all submitters, there is commonality that any changes to the DGPP provisions need to improve the efficiency and costs (to all parties, including consumers) of connecting Grid and Distributed generation.

In this regard SEANZ submits that the following would be required to achieve this outcome:

- There needs to be mandatory and explicitly defined methods that EDB's use to calculate both the costs and benefits of DG connected to their network. Setting high level principles is unlikely to result in a consistent approach across the country. Assessment of the costs and benefits of DG integration is a complex area (as identified by several submitters) and therefore specified calculation methods will provide the most efficient solution and remove burden from EDB's with little experience with integration of DG assets developing the required expertise to assess projects appropriately. Without this there will be complexity and uncertainty for DG developers and the potential value to all parties will not be realised.
- The methodology used for charging DG costs needs to be identical to the methodology used for calculating the costs for Grid Connected generators and both need to be reviewed together.
- Distortions created by the incremental cost method, providing advantage to first movers needs to be addressed if this is a genuine impediment to ongoing DG investments, (submissions differ on whether this is a genuine issue, with some DG developers who would be most impacted suggesting it is not)



This consultation does not propose specific changes to the DGPP rather is seeking views on whether there should be a review. SEANZ agrees with the ENA view that if a review is the conclusion of this consultation, then an open mind is retained by the EA as to what the review outcome will be.

SEANZ supports Pioneer Energy Renewable's submission pointing out that the Energy Competition Taskforce has been established to encourage faster investment in new electricity generation and to boost competition to put downward pressure on prices. It is critical that any changes to DGPP do not conflict with this objective, by adding unreasonable costs that make DG investments uneconomic or creates uncertainty to delay projects. If DG projects do not proceed then there will be no reduction in costs to load customers and there will be no benefits achieved in improving generation security and lower energy costs.

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