



New South Wales

Electricity Supply Amendment (Solar Bonus Scheme) Bill 2009

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The object of this Bill is to establish the solar bonus scheme under which persons can apply to have small solar photovoltaic generators or wind turbines or small renewable energy generators of a class prescribed by the regulations connected to the electricity network and receive a payment of \$0.60 per kilowatt hour in respect of electricity that is supplied to the network by the person.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on a day or days to be appointed by proclamation.

Schedule 1 **Amendment of Electricity Supply Act 1995 No 94**

Schedule 1 [1] inserts proposed section 15A into the *Electricity Supply Act 1995*. The proposed section provides that if a small retail customer applies to have a

complying generator connected to a distribution network, the distribution network service provider must connect the generator or permit it to be connected, but only if the generator is to be installed at premises that are in the distribution network service provider's distribution district and the small retail customer has a right to be provided with customer connection services at those premises.

A generator is a *complying generator* if the generator:

- (a) is a solar photovoltaic generator, a wind turbine, or a renewable energy generator of a class prescribed by the regulations, that has a generating capacity of no more than 10 kilowatts, and
- (b) is installed and connected to the distribution network in a manner that provides for all the electricity generated to be supplied to the distribution network and allows the relevant distribution network service provider to measure at any instant the amount of electricity supplied, and
- (c) complies with, and is installed and connected in a manner that complies with any safety, technical or metering requirements that may be prescribed by the regulations or market operations rules.

A distribution network service provider must record a credit against charges payable at the amount of \$0.60 per kilowatt hour for electricity that is supplied to the distribution network by a small retail customer using a complying generator.

A distribution network service provider must provide the small retail customer's retail supplier with details of the amount of credit recorded for electricity that the small retail customer's complying generator has supplied to the network.

A distribution network service provider must also provide a report to the Minister for Energy and the Director-General of the Department of Industry and Investment within 28 days after 30 June and 31 December in each year. The report must set out the total number of small retail customers in the distribution network service provider's distribution district who have installed and connected a complying generator, the postcode of each such customer, the total generating capacity of all such generators in the distribution district and the amount of electricity supplied to the distribution network.

It is a condition of a distribution network service provider's licence that the distribution network service provider must not contravene proposed section 15A.

Proposed section 15A is to be repealed on 31 December 2016.

Schedule 1 [2], [3], [5] and [10]–[13] make consequential amendments.

Schedule 1 [4] provides that it is a condition of a retail supplier's licence that the retail supplier must pay a small retail customer an amount representing the amount of any credit recorded under proposed section 15A for electricity supplied by the small retail customer or must reduce an amount payable by the small retail customer by an amount representing that amount of credit.

Schedule 1 [6] provides that regulations may be made for or with respect to the supply of electricity to the distribution network by customers using renewable energy generators. Regulations may also be made to prescribe additional criteria that may have to be satisfied before a credit can be recorded under proposed section 15A.

Schedule 1 [7] provides for a review of the solar bonus scheme to be undertaken by the Minister for Energy as soon as possible after 1 July 2012 or as soon as the Minister becomes aware that the total generating capacity of all complying generators reaches 50 megawatts, whichever occurs first.

Schedule 1 [8] permits the regulations to contain provisions of a savings or transitional nature consequent on the enactment of the proposed Act.

Schedule 1 [9] provides that credit is not to be provided in respect of electricity supplied before the commencement of proposed section 15A and that a generator installed before that commencement may be a complying generator. **Schedule 1 [9]** also provides for transitional arrangements in respect of schemes currently operated by Country Energy, EnergyAustralia and Integral Energy that purchase electricity supplied by small retail customers on a net basis.

First print



New South Wales

Electricity Supply Amendment (Solar Bonus Scheme) Bill 2009

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New South Wales

Electricity Supply Amendment (Solar Bonus Scheme) Bill 2009

No. , 2009

A Bill for

An Act to amend the *Electricity Supply Act 1995* in relation to renewable energy generation by retail customers.

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| The Legislature of New South Wales enacts: | 1 |
| 1 Name of Act | 2 |
| This Act is the <i>Electricity Supply Amendment (Solar Bonus Scheme) Act 2009</i> . | 3 4 |
| 2 Commencement | 5 |
| This Act commences on a day or days to be appointed by proclamation. | 6 |

Schedule 1 Amendment of Electricity Supply Act 1995 No 94

[1] Section 15A

Insert after section 15:

15A Distribution network service providers to allow small renewable energy generators to feed-in to network

- (1) The objects of this section are as follows:
 - (a) to encourage and support persons who want to generate renewable energy as a response to climate change,
 - (b) to develop jobs in the renewable energy sector by assisting renewable energy generation to compete with non-renewable energy generation,
 - (c) to increase public exposure to renewable energy technology in order to encourage the whole community to respond to climate change.
- (2) For the purposes of this section a generator is a ***complying generator*** if the generator:
 - (a) is a solar photovoltaic generator, a wind turbine, or a renewable energy generator of a class prescribed by the regulations, that has a generating capacity of no more than 10 kilowatts, and
 - (b) is installed and connected to the distribution network in a manner that provides for all the electricity generated by the generator to be supplied to the distribution network and allows the relevant distribution network service provider to measure at any instant the amount of electricity supplied, and
 - (c) complies with, and is installed and connected in a manner that complies with, any safety, technical or metering requirements that may be prescribed by the regulations or market operations rules.
- (3) A distribution network service provider must, on application by or on behalf of a small retail customer, provide customer connection services so as to connect, or permit to be connected, to its distribution network a complying generator if:
 - (a) the generator is to be installed at premises that are in the distribution network service provider's distribution district, and

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Schedule 1 Amendment of Electricity Supply Act 1995 No 94

- (b) the small retail customer has a right under section 15 to be provided with customer connection services at those premises. 1
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- (4) The right that a person has under this section to have premises provided with customer connection services is subject to any provision of this Act or the regulations that authorises the disconnection of those premises from, or the refusal to connect those premises to, a distribution system. 4
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- (5) A distribution network service provider must record a credit against charges payable at the amount of \$0.60 per kilowatt hour in respect of a small retail customer for electricity that: 9
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 - (a) is produced by a complying generator installed and connected at the premises of the small retail customer, and 12
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 - (b) is supplied to the distribution network by the small retail customer. 14
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- (6) A distribution network service provider must, in accordance with the regulations, provide a retail supplier with: 16
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 - (a) details of the amount of credit that has been recorded under this section for electricity supplied to the network by each small retail customer of the retail supplier, and 18
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 - (b) such other information as may be required to be supplied by the regulations or the market operations rules. 21
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- (7) A distribution network service provider must provide to the Minister and the Director-General a report within 28 days after 30 June and 31 December in each year that sets out: 23
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 - (a) the total number of small retail customers in the distribution network service provider's distribution district who have installed and connected a complying generator, and 26
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 - (b) the postcodes of those small retail customers, and 30
 - (c) the total generating capacity of all such generators in the distribution district, and 31
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 - (d) such information as is available to the distribution network service provider about the amount of electricity supplied to the distribution network by complying generators in the distribution network service provider's distribution district during each month for the 12 month period ending on 30 June or 31 December as the case may be, and 33
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 - (e) any other matter that may be prescribed by the regulations. 39

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| (8) | It is a condition of a distribution network service provider's licence that the distribution network service provider must not contravene this section. | 1 2 3 |
| (9) | This section is repealed on 31 December 2016. | 4 |
| [2] | Sections 26 (1) and (3), 27 (1) and 30 (1) (a) | 5 |
| | Insert "or from" after "electricity to" wherever occurring. | 6 |
| [3] | Section 29 Electricity meters | 7 |
| | Insert "or received from" after "supplied to" in section 29 (1). | 8 |
| [4] | Section 34A | 9 |
| | Insert after section 34: | 10 |
| 34A | Retail suppliers to credit electricity supplied by small retail customers | 11 12 |
| (1) | A retail supplier must, in accordance with the regulations (if any): | 13 |
| (a) | pay a small retail customer an amount representing the amount of any credit recorded under section 15A for electricity supplied by the small retail customer, or | 14 15 16 |
| (b) | reduce an amount payable by the small retail customer by an amount representing that amount of credit. | 17 18 |
| (2) | It is a condition of a retail supplier's licence that the retail supplier must not contravene this section. | 19 20 |
| [5] | Section 63C Market operations rules | 21 |
| | Insert "or generation" after "consumption" wherever occurring in section 63C (1) (b)–(e). | 22 23 |
| [6] | Section 191 Regulations | 24 |
| | Insert after section 191 (1A) (i): | 25 |
| (j) | the supply of electricity to the distribution network by customers using renewable energy generators, including but not limited to, requiring retail suppliers to acquire such electricity from customers or classes of customers, | 26 27 28 29 |
| (k) | any additional criteria that may have to be satisfied before a credit can be recorded under section 15A. | 30 31 |

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| [7] Section 194 | 1 |
| Omit the section. Insert instead: | 2 |
| 194 Review of solar bonus scheme | 3 |
| (1) The Minister is to review the solar bonus scheme (being the scheme for the payment of electricity supplied to the network by small retail customers using complying generators) to determine whether the policy objectives of the scheme remain valid and whether the terms of the Act remain appropriate for securing those objectives. | 4 5 6 7 8 9 |
| (2) The review is to be undertaken as soon as possible after 1 July 2012 or as soon as the Minister becomes aware that the total generating capacity of all complying generators reaches 50 megawatts, whichever occurs first. | 10 11 12 13 |
| (3) A report on the outcome of the review is to be tabled in each House of Parliament. | 14 15 |
| [8] Schedule 6 Savings, transitional and other provisions | 16 |
| Insert at the end of clause 1 (1): | 17 |
| <i>Electricity Supply Amendment (Solar Bonus Scheme) Act 2009</i> | 18 |
| [9] Schedule 6 | 19 |
| Insert at the end of the Schedule with appropriate Part and clause numbering: | 20 |
| Part Provisions consequent on enactment of Electricity Supply Amendment (Solar Bonus Scheme) Act 2009 | 21 22 23 |
| Credits not to be recorded before commencement of scheme | 24 |
| A distribution network service provider is not to record a credit under section 15A in respect of electricity supplied before the commencement of that section. | 25 26 27 |
| Existing generator may be complying generator | 28 |
| A generator installed before the commencement of section 15A may be a complying generator. | 29 30 |
| Existing net metering schemes to continue until transition day | 31 |
| (1) The gross feed-in credit of \$0.60 per kilowatt hour that is provided for by section 15A is to operate and be applied as a net | 32 33 |

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- feed-in credit for electricity supplied by a small retail customer before the transition day in the following transitional cases: 1
- (a) electricity supplied to the distribution network of Integral Energy by a net feed-in generator that was first connected to that distribution network before the commencement of section 15A, or 2
- (b) electricity supplied to the distribution network of Country Energy or EnergyAustralia by a net feed-in generator or a complying generator (whether connected to the distribution network before or after the commencement of section 15A). 3
- (2) This means that, in those transitional cases, the obligation under section 15A of a distribution network service provider to record a credit at the rate of \$0.60 per kilowatt hour for electricity produced by a complying generator and supplied to the distribution network of Country Energy, EnergyAustralia or Integral Energy is an obligation to record a credit at that rate for the net electricity supplied by the small retail customer (that is, for electricity supplied in excess of that being used by the customer). 4
- (3) Until the transition day, Country Energy or EnergyAustralia are not required to provide customer connection services to a small retail customer under section 15A in respect of a generator unless the generator is installed and connected in a manner that enables Country Energy or EnergyAustralia to record a credit for the net electricity supplied by the small retail customer (that is, for electricity supplied in excess of that being used by the customer). 5
- (4) For the purposes of the operation of this clause (and the operation of section 15A in accordance with this clause), a net feed-in generator is taken to be a complying generator. 6
- (5) In this clause: 7
- net feed-in generator** means a generator that would be a complying generator but for the fact that it is installed and connected in a manner that provides for some or all of the electricity generated by the generator to be used by the small retail customer (rather than being supplied to the distribution network). 8
- transition day** means 1 July 2010, or if another day is prescribed by the regulations, that day. 9

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Schedule 1 Amendment of Electricity Supply Act 1995 No 94

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| (6) | Different days may be prescribed under subclause (4) in respect of Country Energy, EnergyAustralia or Integral Energy so that the provisions of this clause apply differently in respect of each of those bodies. | 1 2 3 4 |
| [10] | Dictionary | 5 |
| | Insert in alphabetical order: | 6 |
| | <i>complying generator</i> —see section 15A (2). | 7 |
| [11] | Dictionary, definition of “customer connection services” | 8 |
| | Insert “or received from” after “supplied to” in paragraph (c). | 9 |
| [12] | Dictionary, definition of “distribution system” | 10 |
| | Insert after paragraph (a): | 11 |
| | (a1) from the premises of small retail customers that have a complying generator installed and connected from the point of supply to the premises, or | 12 13 14 |
| [13] | Dictionary, definition of “generating system” | 15 |
| | Insert “but, subject to the regulations, does not include a complying generator” after “distribution system”. | 16 17 |