Pricing Issues Consultation Group Meeting 6 March 2003

How barriers to demand management & effective asset utilisation practices can be reduced through pricing

Contents

Quick-Reference Glossary

Code	National Electricity Code
DG	Distributed Generation
DNSP	Distribution Network Service Provider
DUOS	Distribution Use of System
EG	Embedded Generation
PPM	Pricing Principles & Methodologies Document (June 2002)
TNSP	Transmission Network Service Provider
TUOS	Transmission Use of System

HOW BARRIERS TO DEMAND MANAGEMENT & EFFECTIVE ASSET UTILISATION PRACTICES CAN BE REDUCED THROUGH PRICING

Through its regulation of DNSPs, the Tribunal aims to provide appropriate incentives for the implementation of distributed (embedded) generation options in NSW, and encourage demand side participation by large users. The areas where demand management initiatives can be encouraged through network pricing were highlighted in the Tribunal's recent report, Inquiry into Demand Management.[1]

Some of the recommendations in IPART's demand management report are outside the scope of this consultation group (for example standard connection agreements and standard offer agreements), however this paper provides an overview of the areas that the Secretariat believes can be practically addressed in the lead-up to the 2004 determination.

This paper has been arranged in three sections:

a) ways of improving access to information for embedded generators and large users
b) ways of improving pricing signals for embedded generators and large users
c) how to address regulatory constraints.

1.1 Improving access to information for embedded generators and large users

1.1.1 Negotiation guidelines

The secretariat seeks comments from the consultation group on the following options for incorporating negotiation principles in the alternate pricing methodology:

1. *whether each DNSP should establish a separate negotiating framework, to be approved by the regulator (the regulator may require public consultation to occur) as per clause 6.14.7 of the Code*
2. *whether a common negotiating framework should be developed, to apply to all DNSPs when negotiating with network users*
3. *whether to adopt the principles outlined in IPARTs paper on Distributed Generation, or other principles considered by stakeholders, in addition to those in clause 6.14.7 of the Code, as part of the negotiating framework*

Broad negotiating guidelines are intended to provide a starting point for negotiations between DNSPs and;

- embedded generators when establishing connection agreements
- large users for negotiation of price discounts, alternate levels of service, or 'standard offer' agreements.

Although each of these situations warrant more specific and individual arrangements, a broad negotiating framework will establish what is expected from each party during the negotiation process. As a minimum, it should acknowledge the requirements of Code clause 5.5 – Access Arrangements for Generators, and Schedule 6.3 – Maximum Negotiated Use of System Price.

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1 IPART, *Inquiry into the Role of Demand Management and Other Options in the Provision of Energy Services - Final Report*, October 2002.

Negotiating requirements in Part E of the Code

Clause 6.14.7 in Chapter 6, Part E of the Code (Attachment 1 of this paper) sets out the requirements for establishing a negotiating framework in relation to negotiating prices with distribution network users (including embedded generators). Similar guidelines were incorporated in Chapter 5 for transmission network service providers (TNSPs), for negotiating with transmission network users. ACCC released a paper in September 2001 detailing the consultation undertaken when these clauses were introduced. This can be found at: www.accc.gov.au/electric/fs-elec.htm, pg 93.

Both clauses apply to negotiation under the following circumstances:

- access by generators
- price discounts
- negotiation for a higher, or lower standard than specified in the Code.

Under clause 6.14.7 of the Code, each DNSP must establish a negotiating framework to be approved by the jurisdictional regulator. The framework must cover, amongst other things, the following:

- access to information by the DNSP and the network user
- treatment of costs and the associated charges of negotiation
- timeframe for responses assessment of impacts on third parties
- publication of outcomes
- access to dispute resolution arrangements

These are similar to the requirements for TNSPs under clause 6.5.9 of the Code. TNSPs however, are required to follow the code consultation procedures when establishing the negotiating framework. This is not a requirement of clause 6.14.7 for distribution service providers. To date, under clause 6.5.9 for TNSPs, Transgrid has issued a final negotiating framework, and other TNSPs including EnergyAustralia, have published draft negotiating frameworks which can be found on NEMMCO's website under www.nemmco.com.au/future/consultation.htm

An example of the elements in the TNSPs' proposed negotiating frameworks are:

1. purpose & definition of negotiable services (defined by the Code) & includes negotiation with generators, Market Network Service Providers (MNSPs) and negotiations for discounts
2. clarification that the framework operates alongside clause 5.3 of the Code – making an application to establish or modify a connection
3. the service provider and the network user to follow negotiating framework and operate in good faith
4. officer of authority to be nominated as a representative for each party to carry out the negotiations, and full contact details to be provided
5. process for the negotiation – initial request to be provided by network user, response by service providers, and information provision

6. nature of information which may be requested and supplied by either party
7. consultation with third parties who may be affected in instances where the provision of service is for a higher or lower standard
8. expected timeframe for making a preliminary offer, responses to requests and final outcome
9. confidentiality
10. dispute resolution
11. outcomes of negotiation – conclusion/ termination/ publication

Negotiating guidelines proposed by the Embedded Generation Working Group

In 2002, IPART released a discussion paper on Distributed Generation (DG) which incorporated proposals from an Embedded Generation Working Group, for a set of guidelines to facilitate efficient and effective negotiations between distributed generators and DNSPs. [2] These principles were referred to in the recent report by IPART, Inquiry into Demand Management. [3] The recommended principles apply only to negotiations between DNSPs and distributed generators however.

Consultation undertaken as part of the Demand Management Inquiry indicated widespread support for the proposals. In summary, these principles are:

- development of a simple, transparent, approach to negotiation of connection agreements, including standardised agreements where possible
- regulated network businesses to make information available on the planning, capacity and fault levels of key shared network elements (this has been addressed in the NSW Demand Management Code of Practice)
- data on more specific shared network elements must be made available to parties seeking to enter into a connection agreement, as required, at its incremental cost
- in determining the benefit and cost allocation between parties entering into a connection agreement:
  - the cost to be born by the distributed generator connecting to the network must be no more than the (long run marginal) cost of providing the assets
  - the DNSP's costs and costing methodology must be transparent and unbundled and publicly available
  - the sourcing and construction of both deep and shallow connection assets must be undertaken on a competitive basis
  - benefit sharing must be based on the relative risks that parties bear
  - there must be no discrimination between parties seeking connection to the network.

Standard guidelines or common negotiating framework

The DNSPs and stakeholders should consider whether a separate negotiating framework for each DNSP is warranted, or whether a standard framework should be developed. In either case, the consultation group should consider:

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2 Embedded Generator Working Group, *Report to IPART Electricity Consultation Group on Connection Issues Associated with Embedded Generation,* March 1999, p 10.

3 IPART, *Inquiry into the Role of Demand Management and Other Options in the Provision of Energy Services - Final Report*, October 2002.

- the principles that the framework should address
- the level of information that should be released by DNSPs and network users
- the requirements under clause 5.5 – Access arrangements for generators, and Schedule 6.3 – Maximum negotiated use of system price.

1.1.2 Unbundling TUOS and DUOS charges on bills for large customers

The secretariat's initial proposal is to adopt clause 6.18A, Part EA in the Code as part of the alternative pricing methodology, whereby DNSPs will be required to separate TUOS and DUOS charges on bills for large customers on request.

When customers can observe the separated costs associated with their use of the distribution and transmission network, more efficient utilisation of the network can occur through appropriate investment decisions. It will also better inform customers when negotiating with network service providers and considering network bypass options.

Clause 6.18A of the Code (set out in Attachment 2), recognises that unbundling of TUOS and DUOS charges should occur for customers who have a load greater than 10MW or 40GWh per annum, or has metering equipment capable of capturing relevant transmission and distribution system usage data. It also recognises that there could be costs involved in providing the unbundled data and it allows the network service provider to recover some of these costs from the customer. When providing the unbundled information to the customer, the components of each charge and the methodology used for unbundling should also be required to be disclosed.

The consultation group should consider whether clause 6.18A is sufficient to be included in the alternate pricing methodology.

1.2 Improving price signals for embedded generators and large users

1.2.1 Congestion pricing

The secretariat's initial proposal is to establish a separate working group to undertake trials of localised congestion pricing as recommended in IPART's Inquiry into Demand Management.

The key characteristic of network constraints is that they can occur in specific areas rather than uniformly across the network. One means of addressing these constraints is to introduce location-based tariffs to signal congested areas (congestion pricing).

The immediate implications for the 2004 network determination is how congestion pricing and the associated rebates and negative revenue, can be accommodated in the pricing determination. The Tribunal confirmed in its Demand Management Inquiry that rebates on network charges or DNSP payments for load reductions should be included as negative revenue in calculating regulated revenue and compliance with side-constraints on changes in network charges. The implementation issues associated with this will be discussed at the next PICG meeting in April.

In order to progress the *use* of congestion pricing however, Recommendation 6 of IPARTs Inquiry into Demand Management suggested that DNSPs undertake trials of localised

congestion pricing in regions of emerging constraint of the distribution network. Such trials should:

- be integrated with network planning processes and standard offer programs
- have regard to retail market design and the provision of time of use meters
- be carefully designed to manage the impacts on customers through: the use of rebates as well as positive price signals; optional tariff structures; and market segmentation to focus on customers most able to respond to price signals.

The results from the trials could be used as the basis for developing standard offer agreements.

Standard Offer agreements

Through a Standard Offer, the DNSP could offer to network users, a set price per kA of peak network demand reduced per year, subject to that demand reduction meeting certain parameters. That is, the agreement would be an arrangement where DNSPs could place a 'standing offer' in the market to buy load reduction. IPART's demand management inquiry recommended that an industry-based working group develop standard offer contracts for demand management as part of the review of the NSW Demand Code of Practice (Recommendation 9).

Although this is outside the scope of the Pricing Issues Consultation Group, the Tribunal is keen to progress with the development of Standard Offer agreements and is prepared to implement a separate consultation group to discuss this further.

1.2.2 Pricing clauses in Part E of the Code relating to embedded generation

The secretariat's initial proposal is not to adopt the requirements of clauses 6.13.3, 6.13.6 and 6.14.1 of Part E of the Code in relation to cost allocation and configuration of embedded generation prices.

Clause 6.13.3, 6.13.6 and 6.14.1 of the Code are part of Part E which outlines specific cost allocation methodologies and the types of charges that should be included in embedded generation prices (set out in Attachment 3 of this paper). These cost allocation requirements were not adopted in the alternative pricing methodology for the current regulatory period for distribution pricing or embedded generation pricing. It was believed that restricting DNSPs to one costing methodology was too prescriptive and reduced the DNSPs flexibility when making pricing decisions.

The consultation group should note that by adopting common pricing principles and a less prescriptive pricing approach as an alternative to Part E, clauses 6.13.3, 6.13.6 and 6.14.1 should not be required. The less prescriptive approach is intended to strengthen the incentives for DNSPs to contract with embedded generators by reflecting individual situations.

The types of charges that should apply to Embedded Generators are more appropriately addressed in Standard Connection Agreements (outside the scope of the Pricing Issues Consultation Group).

1.3 Addressing regulatory constraints

1.3.1 Calculation of avoided transmission use of system (TUOS) charges

A methodology for incorporating the avoided TUOS charges in the form of regulation has been proposed by the Tribunal to DNSPs. The consultation group should comment on its appropriateness.

Under the Code, the transmission network providers charge the DNSPs for the use of the shared transmission network. These TUOS charges are added to the DNSP's regulated cost base and included in its regulated revenue so that TUOS charges can be recovered through network prices.

Because a distributed generator is connected directly to the distribution network, those who purchase the electricity it generates do not need to use the transmission network and thus do not attract TUOS charges on this electricity (hence 'avoided TUOS'). The potential for payment to a distributed generator of the transmission costs avoided by the DNSP is seen as an important incentive for the establishment of a distributed generation plant.

Under the Code,[4] DNSPs are now required to calculate the amount of avoided TUOS on the basis of the charges which would have been paid if the distributed generation project had not been connected to the network (the 'with/without' test). The Code also specifies that the full benefit of the avoided TUOS charge passes through to the embedded generator.

The issue for the Tribunal is the incorporation of the avoided TUOS charges payment in the revenue requirements for the DNSPs. Recommendation 7 of IPARTs demand management report proposed that the Tribunal should formally set out its methodology for calculation of avoided TUOS in the Pricing Principles and Methodologies.

A methodology for calculating avoided TUOS charges has been proposed to the DNSPs by the Tribunal. This will be presented at the next PICG meeting in April.

1.3.2 Avoided distribution costs

The suggestion for discussion is whether the full avoided distribution cost should be passed through in charges for a yet-to-be-defined period, before being phased out.

The connection of an embedded generator (EG) to a distribution network has the potential to generate cost savings for a DNSP. Likewise, a reduction in load by a large customer could generate similar cost savings. These avoided costs would include deferral of capital expenditure. For example, the EG and DNSP may, as part of a connection agreement, negotiate a payment to the EG reflecting a sharing of the benefits of these avoided costs between the DNSP and the EG.

Recommendation 7 of IPART's Inquiry into Demand Management proposed consulting with stakeholders in establishing guidelines on the treatment of avoided distribution costs. In particular, how much DNSPs should be permitted to pass through in network prices.

The Secretariat sees that there are two options for determining the amount that DNSPs are allowed to pass through in network charges. These are to:

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4 Clause 5.5 – Access Arrangements for Generators

- pass through the amount actually paid by the DNSP to the EG or party providing the load reduction; or
- pass through the full amount of avoided distribution costs for a period of time.

The payment between the DNSP and the EG (or party providing the load reduction) is the subject of commercial negotiation between the two parties so it is unlikely that the amount paid by the DNSP would be equal to the avoided distribution costs. To the extent that the DNSP is able to retain a portion of the cost savings, over and above the payment made to the EG (or party providing the load reduction), then it will have an incentive to actively seek out embedded generation/load reduction options that can lower overall network costs.

The Tribunal's approach to the pass through of avoided distribution costs will therefore affect the strength of this incentive. In the case where only the actual payment is passed through, any cost savings in excess of this payment would be passed onto network customers at the next regulatory reset. The incentive for the DNSP to seek out embedded generation or other demand side management options is limited to the net costs savings it retains prior to the regulatory reset.

Allowing the pass through of the full amount of avoided distribution costs, will increase the incentive for DNSPs to implement embedded generation or other demand side management solutions. While it may make a payment to the EG, based upon a negotiated sharing of benefits, the DNSP is likely to retain a share of cost savings for itself. The strength of the incentive will in part depend upon the length of time the DNSP is allowed to retain the avoided distribution cost benefits.

Attachment 1 Negotiation guidelines in the Code

6.14.7 Pricing of negotiable services

(a) Each *Distribution Network Service Provider* (other than a *Market Network Service Provider*) must establish a framework in accordance with the requirements of clause 6.14.7(b) (the "*negotiating framework*") setting out the minimum requirements to be followed during negotiations with *Network Users* for *negotiable services*.

(b) For the purposes of clause 6.14.7(a), the *negotiating framework* must specify:

(1) a requirement for the *Distribution Network Service Provider* and the *Network User* to negotiate in good faith for the provision of *negotiable services*;

(2) notwithstanding clause 6.18.2, a requirement for the *Distribution Network Service Provider* to provide all such commercial information as the *Network User* may reasonably require to enable the *Network User* to engage in effective negotiation with the *Distribution Network Service Provider* for the provision of *negotiable services*, including the cost information described in clause 6.14.7(b)(3);

(3) a requirement for the *Distribution Network Service Provider* to:

(i) identify, and inform the *Network User* of, the reasonable costs and/or the cost increase or decrease (as appropriate) of providing the *negotiable services*; and

(ii) demonstrate to the *Network User* that its charges for providing those *negotiable services* reflect those costs and/or the cost increment or decrement (as appropriate);

(4) a requirement for the *Network User* to provide all such commercial information as the *Distribution Network Service Provider* may reasonably require to enable the *Distribution Network Service Provider* to engage in effective negotiation with the *Network User* for the provision of *negotiable services*;

(5) a reasonable period of time for commencing, progressing and finalising negotiations with the *Network User* for the provision of *negotiable services*, and a requirement that each party to the negotiation must use its reasonable endeavours to adhere to those time periods during the negotiation; and

(6) a process for dispute resolution which provides for all disputes arising out of or concerning negotiations for *negotiable services* to be dealt with in accordance with clause 8.2 of this *Code* or, where the *Network User* is not a *Code Participant*, in accordance with a specified alternative dispute resolution process;

(7) a requirement to *publish* the outcome of the negotiation to provide *negotiable services*; and

(8) the arrangements for payment by the *Network User* of the *Distribution Network Service Provider's* reasonable direct expenses incurred in processing the application to provide the *negotiable services*; and

(9) a requirement that the *Network Service Provider* determine the potential impact on other *Network Users* of the negotiated provision of a *prescribed service* to a higher or lower standard than any standard:

(i) described in schedule 5.1 of the *Code*; or

(ii) *published* by the *Network Service Provider* in accordance with clause 6.14.5(a)(3),

and a requirement that the *Network Service Provider* must notify and consult with any affected *Network Users* and ensure that the provision of these *negotiable services* does not result in non-compliance with any service standards or other obligations in relation to other *Network Users* under the *Code.*

(c) Each *Distribution Network Service Provider* must:

(1) have its *negotiating framework* developed in accordance with clause 6.14.7(b) approved by the *Jurisdictional Regulator*; and

(2) comply with the requirements of the *negotiating framework* in accordance with its terms and subject to any amendments or conditions imposed by the *Jurisdictional Regulator*.

(d) For the avoidance of doubt, commercial information which is required to be provided to a *Network User* in accordance with clause 6.14.7(b)(2):

(1) does not include confidential information provided to the *Distribution Network Service Provider* by another person; and

(2) may be provided subject to a condition that the *Network User* must not provide any part of that commercial information to any other person without the consent of the *Distribution Network Service Provider* which provided the information to the *Network User*.

(e) For the avoidance of doubt, commercial information which is required to be provided to a *Distribution Network Service Provider* in accordance with clause 6.14.7(b)(4):

(1) does not include confidential information provided to the *Network User* by another person; and

(2) may be provided subject to a condition that the *Distribution Network Service Provider* must not provide any part of that commercial information to any other person without the consent of the *Network User* which provided the information to the *Distribution Network Service Provider*.

Attachment 2 Clause 6.18A in the Code

Part EA – Unbundling TUOS and DUOS charges

6.18A Separate disclosure of transmission and distribution charges

(a) A *Distribution Customer*:

(1) with a *load* of greater than 10MW or 40GWh per annum; or

(2) which has *metering* equipment which is capable of capturing relevant *transmission* and *distribution system* usage data,

may request a Distribution Network Service Provider to whose network the Distribution Customer is connected (a "TUOS/DUOS disclosure request") to provide the Distribution Customer with a statement identifying the separate components of the transmission use of system and distribution use of system charges which the Distribution Customer has been charged for electricity supplied to its connection points (a "TUOS/DUOS disclosure statement").

(b) Within 10 *business days* of receipt of any *TUOS/DUOS disclosure request*, a *Distribution Network Service Provider* must notify the relevant *Distribution Customer* of the estimated charge, including details of how the charge is calculated, for providing the *TUOS/DUOS disclosure statement*, which charge must be no greater than the reasonable variable costs directly incurred by the *Distribution Network Service Provider* in preparing the statement for the particular *Distribution Customer*.

(c) If the relevant *Distribution Customer* advises the *Distribution Network Service Provider* within 30 days of receipt of the notice referred to in clause 6.18A(b) that it still requires the requested *TUOS/DUOS disclosure statement*, the relevant *Distribution Network Service Provider* must prepare the statement and provide it to the *Distribution Customer* within 30 days of the end of the period for which the *TUOS/DUOS disclosure statement* has been requested. The *TUOS/DUOS disclosure statement* must include detailed information on the methodology used to determine the *distribution use of system* charges and the allocation of the *transmission use of system* charges which the *Distribution Customer* has been charged for electricity *supplied* to its *connection point*, which information must be sufficient to allow the *Distribution Customer* to assess the impact on their *network* charges of a change in their *network* use.

(d) The *TUOS/DUOS disclosure statement* must also separately identify the *Customer TUOS usage charge*, *Customer TUOS general charge* and *common service charge* components of the *transmission use of system* charges which the *Distribution Customer* has been charged for electricity *supplied* to its *connection point*, where a *Distribution Customer* that makes a *TUOS/DUOS disclosure request* in accordance with clause 6.18A(a) requests this information.

(e) Where a *Distribution Customer* requests the inclusion in the *TUOS/DUOS disclosure statement* of the information referred to in clause 6.18A(d), the *Distribution Network Service Provider* must separately identify that component of

the charge notified under clause 6.14.8(c) that relates to the provision of this additional information.

(f) Each *Distribution Network Service Provider* must *publish* information annually disclosing the *transmission use of system* and *distribution use of system* charges for each of the classes of *Distribution Customers* identified for this purpose by the *Distribution Network Service Provider,* or as required by the *Jurisdictional Regulator.*

Attachment 3 Code clauses in relation to embedded generation prices (6.13.3, 6.13.6 and 6.14.1)

6.13.3 Method of allocation to asset categories

(a) The *aggregate annual revenue requirement* for an asset category in relation to each class of *distribution service* is to be calculated by the *Distribution Network Service Provider* by allocating the *aggregate annual revenue requirement* for that class of *distribution service* to the asset categories using an allocation basis agreed with the *Jurisdictional Regulator.*

(b) The method by which the *aggregate annual revenue requirement* is allocated under clause 6.13.3(a) may include:

(1) for asset-related costs including return on assets and current cost depreciation charges, the basis may be the replacement cost of the relevant asset categories determined in accordance with any rules specified by the *Jurisdictional Regulator* including rules for treating asset category replacement costs which were provided as partially or fully contributed;

(2) chart of accounts information for operating and maintenance costs; or

(3) for the *transmission or distribution service* costs paid to other *Network Service Providers*, on such basis as may be agreed with the *Jurisdictional Regulator*.

(c) Payments to and from *Embedded Generators* are to be determined up to an amount of the long run marginal cost of *augmenting* the *distribution network*, including any other *networks* necessary to cater for additional *generation* at the *network coupling point,* calculated on a case by case basis in accordance with schedule 6.3.

(d) Any payments made under clause 6.13.3(c):

(1) to *Embedded Generators* must be added to: and

(2) from *Embedded Generators* must be deducted from,

the *aggregate annual revenue requirement* for the relevant asset category consistent with the calculation used to determine that payment.

6.13.6 Cost allocation to Distribution Customers and Embedded Generators

Distribution service costs must be allocated to *Embedded Generators* and *Distribution Customers* as follows:

(a) The *cost pools* for *entry services* are all to be allocated to *Embedded Generators* at the *network coupling point.*

(b) The *cost pools* for *exit services* are all to be allocated to *Distribution Customers* at the *network coupling point.*

(c) In respect of the *cost pools* for *distribution use of system services* (as defined in clause 6.13.1(a)(3):

(1) the portion of the *distribution use of system* costs allocated to *Embedded Generators* must not exceed the long run marginal cost of *augmenting* the *distribution network* and any other *networks* necessary to cater for additional *generation* at the *network coupling point,* calculated on a case by case basis in accordance with schedule 6.3 and

(2) the portion of the *distribution use of system* costs allocated to *Distribution Customers* must be done on a cost reflective or other basis agreed with the *Jurisdictional Regulator*.

(d) The *cost pools* for *common services* must be allocated to *Distribution Customers* (other than *Market Network Service Providers* as they are not required to pay for *common services*) on a cost reflective or other basis agreed with the *Jurisdictional Regulator*.

(e) Where *entry services* are shared by *Embedded Generators* and *exit services* are shared by *Distribution Customers,* the allocated cost must be shared between the *Network Users* either:

(1) as agreed with the *Network Users*; or

(2) on a cost reflective or other basis agreed with the *Jurisdictional Regulator*; or

(3) on the basis of the *maximum demand* of individual *Network Users* at a *network coupling point*, measured in respect of the 10 hours for which the *Network User* has used the *network* most intensively during the preceding year.

(f) The cost pools for services provided by new large distribution network assets and new small distribution network assets must be allocated to Embedded Generators and Generators connected to a transmission network where benefits of new distribution network investment have been allocated to that Generator in accordance with schedule 6.8 and Distribution Customers in a manner which is consistent with schedule 6.8

6.14.1 Embedded Generator prices

(a) The *Embedded Generator* charge for *prescribed distribution services* may incorporate *entry costs.*

(b) The charge payable by an *Embedded Generator* for *entry services* is a fixed annual amount equal to the *entry services cost* allocated to each *Embedded Generator* under clause 6.13.6(a) unless the charge for those *entry services* has been agreed in a current *connection agreement* with the *Embedded Generator*.

(c) The charge payable by an *Embedded Generator* for *negotiated use of system services* will be determined in accordance with the access arrangements for

Generators in clause 5.5(f)(2) and the parties may seek recourse to the *Jurisdictional Regulator* in the event of a dispute.

(d) There may be other charges applicable to *distribution services* for *Embedded Generators*, including local *connection* requirements and any risk premium associated with the provision of *generator access* between the *Embedded Generator* and the *Distribution Network Service Provider* and such charges must be agreed between the *Embedded Generator* and the relevant *Distribution Network Service Provider.* Any revenue received from charges for *generator access* does not form part of the relevant *Distribution Network Service Provider's aggregate annual revenue requirement.*

(e) There may be situations where the *Distribution Network Service Provider* is prepared to pay for equivalent *network service* by *Embedded Generators.* These arrangements are set out in clause 6.10.5(d)(7)(iii) and payments for such equivalent *network services* are to be agreed between the relevant *Distribution Network Service Provider* and *Jurisdictional Regulator.*

(f) Where an *Embedded Generator* benefits from *new large distribution network assets* or *new small distribution network assets* as determined in accordance with clause 5.6.2, the charge payable by the *Embedded Generator* for the services provided by those new assets will be as determined in accordance with schedule 6.8.