

27 January 2017

Mr Con Carellas  
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Essential Services Commission of South Australia  
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Dear Mr Carellas

**Submission to the Essential Services Commission of South Australia:  
Inquiry into Licensing Arrangements Under the Electricity Act 1996  
for Inverter-Connected Generators**

The Energy and Water Ombudsman (SA) Limited ("EWOSA") welcomes the opportunity to comment on the Essential Services Commission of South Australia's (Commission) Issues Paper: *Inquiry into Licensing Arrangements Under the Electricity Act 1996 for Inverter-Connected Generators*.

In this submission, the EWOSA primarily addresses matters that are specifically of interest to the EWOSA Scheme.

EWOSA is an independent Energy and Water Ombudsman Scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers with regard to (*inter alia*) the connection, supply or sale of electricity, gas or water.

We support the Commission conducting a review of the licensing arrangements for inverter-connected generators in South Australia. Recent electricity supply events have highlighted the importance of energy security and reliability for electricity customers, given that the shift away from synchronous generators to non-synchronous generators is likely to have raised the risks of disruptions, particularly when the Heywood interconnector trips and South Australia becomes islanded from the rest of National Electricity Market.

More stringent technical licensing conditions for inverter-connected generators – particularly regarding changes in frequency and in voltage – may enhance energy security and reliability for electricity customers and reduce the inconvenience experienced by them.

However, these possible benefits need to be assessed against any rise in costs for inverter-connected generators in complying with more stringent technical licensing conditions, particularly if such conditions are imposed on existing generators that may need to retrofit their equipment. We would recommend that such conditions only be imposed retrospectively if the costs of complying for existing generators are very low.

We support any additional technical licensing conditions being imposed on all inverter-connected generators (of sufficient scale), rather than just wind-powered generators, so that the conditions are technology neutral.

While the Australian Energy Market Commission is conducting the System Security Market Frameworks Review and assessing a number of rule change requests associated with energy security and emergency responses, these processes and the implementation of any rule determinations are likely to take some time to complete. This makes any decisions by the Commission regarding additional technical licensing conditions for inverter-connected generators all the more important.

We support the Commission's view that any further stringent technical licensing conditions be transitional, subject to any changes in the National Electricity Rules and/or operational responsibilities of the Australian Energy Market Operator that sufficiently address the technical issues associated with a significant and growing proportion of inverter-connected generators being connected to the grid.

Should you require further information or have any enquiries in relation to this submission, please email me at [antony.clarke@ewosa.com.au](mailto:antony.clarke@ewosa.com.au) or telephone me on (08) 8216 1851.

Yours faithfully



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