5 May 2022 (Lodestone Energy) – Explanation of TPM

Question:

If a new embedded solar far reduces the load in distribution network (albeit unlikely to be a regional co-incident peak periods), is there a chance that the transmission charges will come down for that network (which then might be passed to the solar farm) as the party creating the reduction for the distributor.

Response:

If a new embedded generating station connects to a distribution network, that will not reduce the distributor's existing benefit-based charges. It may increase the charges if the station is large (≥ 10MW) because the new large plant adjustment mechanism in Part F of the TPM will attribute to the distributor any benefit-based charge the station would have incurred if it had connected directly to the grid.

The presence of embedded generation in a distribution network will tend to decrease the distributor's benefit-based charges for future benefit-based investments because the distributor's grid offtake will be lower. This will be reflected in the starting allocations for those investments.

The distributor's residual charge will not decrease as a result of a new embedded generating station because the residual charge is allocated on the basis of gross load. The distributor's residual charge may increase slightly over time due to the station's auxiliary load.