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13 August 2009
Australian Energy Market Commission
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Via email to
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Australian Energy Market Commission – Review of National Framework for Electricity Distribution Network Planning and Expansion

This submission has been prepared by the Consumer Utilities Advocacy Centre Ltd (CUAC). CUAC is an independent consumer advocacy organization. It was established to ensure the representation of Victorian consumers, especially low-income, disadvantaged, rural, regional and indigenous consumers, in policy and regulatory debates on electricity, gas and water.

We thank the Australian Energy Market Commission (AEMC) for the opportunity to inform its work on substantive issues relating to electricity distribution networks through this and previous rounds of consultation.

CUAC has been involved in many of the policy and regulatory debates around energy reform in Australia. In developing our policy positions we liaise with a wide variety of consumer, business and social welfare organisations. Other reform processes that CUAC has been involved with include the AEMC Review of Demand Side Participation; the development of the National Energy Customer Framework; Advanced Metering Infrastructure working groups; and the development of distribution network planning and connection arrangements. This gives us a broad perspective on how consumers are affected by reform processes, and how each reform process is interdependent on others.

CUAC is broadly supportive of the AEMC's direction in this review. We are of the view that the reforms proposed in this review vastly enhance the possibility of demand side and stakeholder participation in distribution network planning. In particular, we welcome:

- the requirement for DNSPs to develop a demand side engagement strategy and actively engage with non-network proponents;

- public consultation provisions around the distribution annual planning report;
- the inclusion of the specification threshold test as part of the RIT-D process; and
- appropriate mechanisms for dispute resolution.

Demand Side Engagement Facilitation Process Document

We seek comments on whether the proposed content of the facilitation process document provides useful information and can be provided by DNSPs at reasonable cost.

CUAC is of the view that the contents of the facilitation process document does provide useful information and does not impose an undue burden on DNSPs. CUAC is of the view that they will assist both network and non-network proponents in planning projects.

We seek comments on whether explicit protocols for the Demand Side Engagement Facilitation Process Document would be beneficial.

CUAC is of the view that explicit protocols need not necessarily reduce DNSPs discretion in developing the process document. They could even guide the work of the DNSPs as they transition to the new regulatory requirements. AEMC should consider the development of explicit protocols as a transitory arrangement as the approach to the preparation of the Facilitation Process Document by the DNSPs becomes clearer.

Publication of Distribution Annual Planning Report

We seek comments on whether the publication date of 31 December is appropriate.

CUAC is comfortable with 31 December as the publication date for the Distribution Annual Planning Report. We would, however, note that this date of publication would allow the required public forum to be held in January. It would be unlikely that any public forum held at that time would attract attendance or interest. We would, therefore, suggest a requirement that the public forum be held in February to maximize stakeholder participation.

Joint Planning Requirements Victorian arrangements

We seek comments on whether additional requirements should be provided to clarify the joint planning processes between TNSPs and DNSPs in Victoria.

We acknowledge the significant regulatory disparity between Victoria and the other jurisdictions around joint planning. We are of the view that the requirement for joint planning could enhance the current regulatory arrangements in Victoria, which will remain in place. CUAC is not opposed to the inclusion of additional guidelines or regulations to ensure the clarity and smooth operation of joint planning processes in Victoria.

Scope of reporting requirements

We seek comments on how significant investments in smart metering should be captured by the annual reporting requirements and specified in the Rules.

CUAC is of the view that any significant investments or planned investments in smart metering need to be clearly enunciated in distribution annual planning reports.

Reporting on system limitations

We seek comments on whether the national framework should include a requirement for DNSPs to develop regional development plans.

CUAC strongly supports a requirement to develop regional development plans that clearly outline system limitations in particular areas. Such plans will provide clear information to potential investors in embedded generation in particular regions and guide the development of projects by non-network proponents. Given that such plans are already required in several jurisdictions, CUAC sees no significant regulatory burden in expanding this requirement nationally and, thus, harmonising reporting requirements.

Specification Threshold Test (STT)

We seek stakeholder comments on the practical application of the STT and whether the STT provides an appropriate degree of discretion to DNSPs.

CUAC is comfortable that the STT provides an appropriate balance between complexity/cost of the RIT-D process and appropriate assessments to non-network alternatives and consumer impacts. We would, however, recommend the inclusion of greater clarity in the rules around what constitutes “the most expensive investment option which is technically and economically feasible” to ensure that the process is not gamed by DNSPs.

Accelerated consultation on project specification report

We are interested in stakeholder comments as to whether prescription is required in the Rules regarding the actions that DNSPs must have undertaken to qualify for accelerated consultation on their project specification reports. An alternative to greater prescription in the Rules would be to provide the AER with greater discretion in its development of the RIT-D Application Guidelines to determine the appropriate actions DNSPs must undertake to comply with the Rules requirements for accelerated consultation.

CUAC acknowledges that the accelerated consultation process provides opportunities for non-network proposals and projects. However, given the information asymmetry between DNSPs and non-network proponents we are concerned that timelines may be too short for the development of proposals by non-network proponents. Consequently, we support the inclusion in the Rules of the actions required to qualify for an accelerated consultation process.

Project Assessment Process – Consideration of Market Benefits and Costs

We are interested in stakeholder comments regarding the list of market benefits and costs that DNSPs should consider under the RIT-D and whether it would be appropriate to require DNSPs to consider any market benefits and costs in addition to those currently proposed.

CUAC refers the AEMC to CUAC's submission to the original scoping paper. In that document we define a clear list of benefits to be considered under the RIT-D process and how non-market and social benefits may also be included in the process. We acknowledge the AEMC's reference to our original submission in the draft report.

Dispute resolution process

We seek stakeholder comments on the proposed scope of the dispute resolution process.

CUAC is comfortable with the dispute resolution process and believe that it provides an appropriate counterbalance to the discretion given to the DNSPs in the RIT-D process.

Observations on the Framework for Distribution Planning

We would welcome any comments on market participants may have on the issues discussed in this Chapter.

We acknowledge the importance of reliability standards on distribution planning and how this can cause differences in planning decisions between Australian jurisdictions. CUAC attaches great importance to Victorian reliability and quality of supply standards and is concerned that these national best practice consumer protections may be watered down as some of the regulatory responsibility for reliability is transferred to the national regulator. CUAC will be conducting further work on this issue and would welcome the opportunity to further discuss this with the AEMC.

Once again, we thank the AEMC for the opportunity to participate in this consultation process. If you have any further queries please contact David Stanford, Policy Officer on (03) 9639 7600.

Yours sincerely,



Jo Benvenuti
Executive Officer
CUAC