

AEMC Power of Choice Forum

*Unlocking Barriers and Promoting Solutions
for Embedded Energy*

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19 April 2012

Property Council of Australia



Overview

1. Property Council of Australia
2. The Green Race
3. Unlocking Barriers to Cogeneration Project
4. The AEMC Rule Change Submission
5. Conclusion



1. Property Council of Australia



- **Largest advocate** for the property industry
- 2200 member companies
- Companies represent assets of over \$600 billion
- Members are responsible for Australia's greenest buildings and developments.

The property industry is Australia's largest industry:

- 11.5 per cent of the economy
- The country's largest employer, employing just under 1.3 million workers
- In 2010, \$147 billion to GDP via services / construction
- 780,000 Australians invest directly in property
- 11.6 million Australians have an indirect investment in property via their super funds.

Emissions: 24 % of Australia's total from built environment.

(AEC Group, *The economic significance of the property industry*, 2012)

(Property Investment Research, *Funds data*, 2011)



2. The Green Race

- **Tenant preferences** – lower vacancy rates
- **Financial gains** – lower operating costs, higher rental and capital yields
- **Healthier workplaces** – better air quality and thermal comfort
- **Corporate social responsibility** – obligations to be sustainable businesses
- **Environmental leadership** – CEOs' and directors' direction
- **Government procurement and leasing policies** – green leases
- **Government programs** – Clean Energy Future package and the carbon price; Commercial Building Disclosure scheme.

Overall = real competition to be green and need to avoid obsolescence



3. Unlocking Barriers to Cogeneration Project

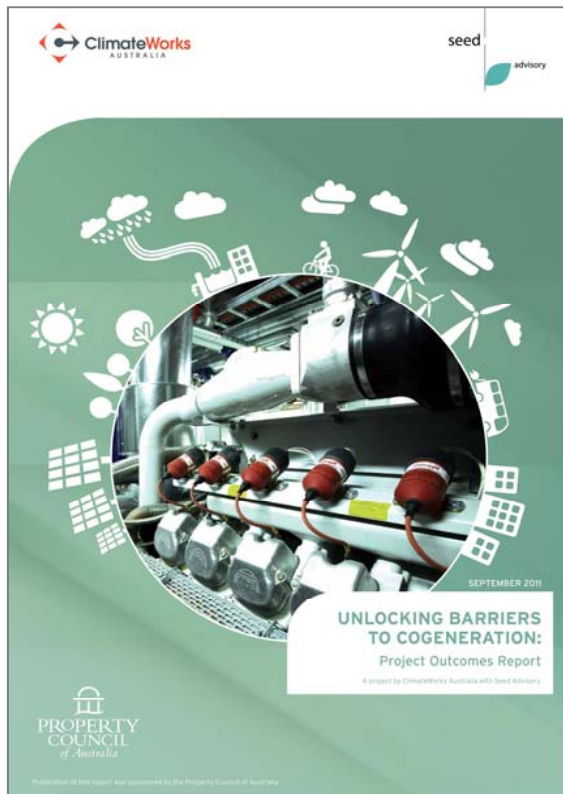
Aims

- **Barriers for embedded energy systems**
- **Propose solutions**

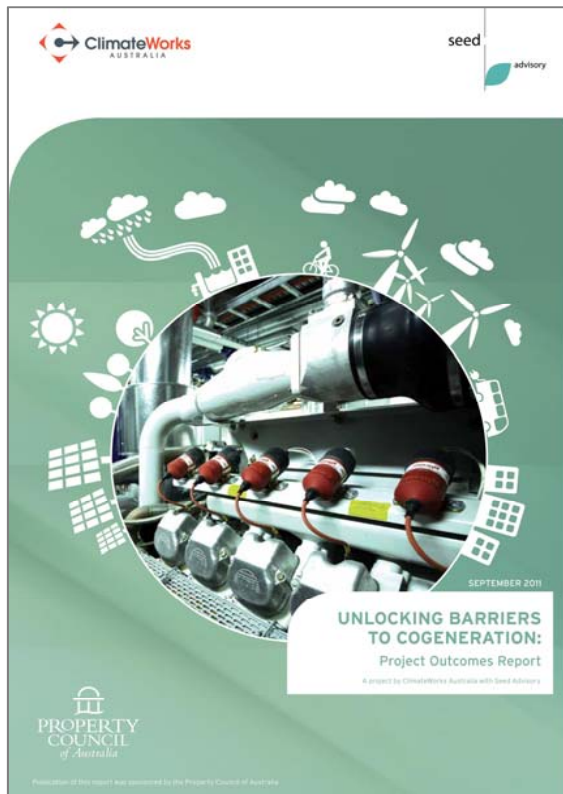
Who

- ClimateWorks, Seed Advisory, Property Council
- Representatives from cogeneration demand and supply chain (proponents and DNSPs)
- Proponents: market-ready case studies
- Government representatives

- Case studies were co/trigeneration
- Same connection barriers for other embedded generators.
- Seek to overcome connection barriers for all embedded generators.



3. Unlocking Barriers to Cogeneration Project



BARRIERS

National Electricity Rules (NER) deter grid connection.

REGULATORY GAP IN NER 'Missing Middle'

- Gap for generators of rating between 10kW and 30MW.

Chapter 5 = streamlined connection for large generators.

Chapter 5A = streamlined connection for micro-embedded generators, up to 10 kW.

Status Quo

Case-by-case connection processes = uncertain and complex

1. *Inconsistent national and jurisdictional regulation*
2. *Time consuming: no clear and binding timelines*
3. *No standard information requirements*
4. *Burdensome: diverse technical requirements imposed*
5. *High costs: connection, holding, network augmentation*

4. The AEMC Rule Change Submission

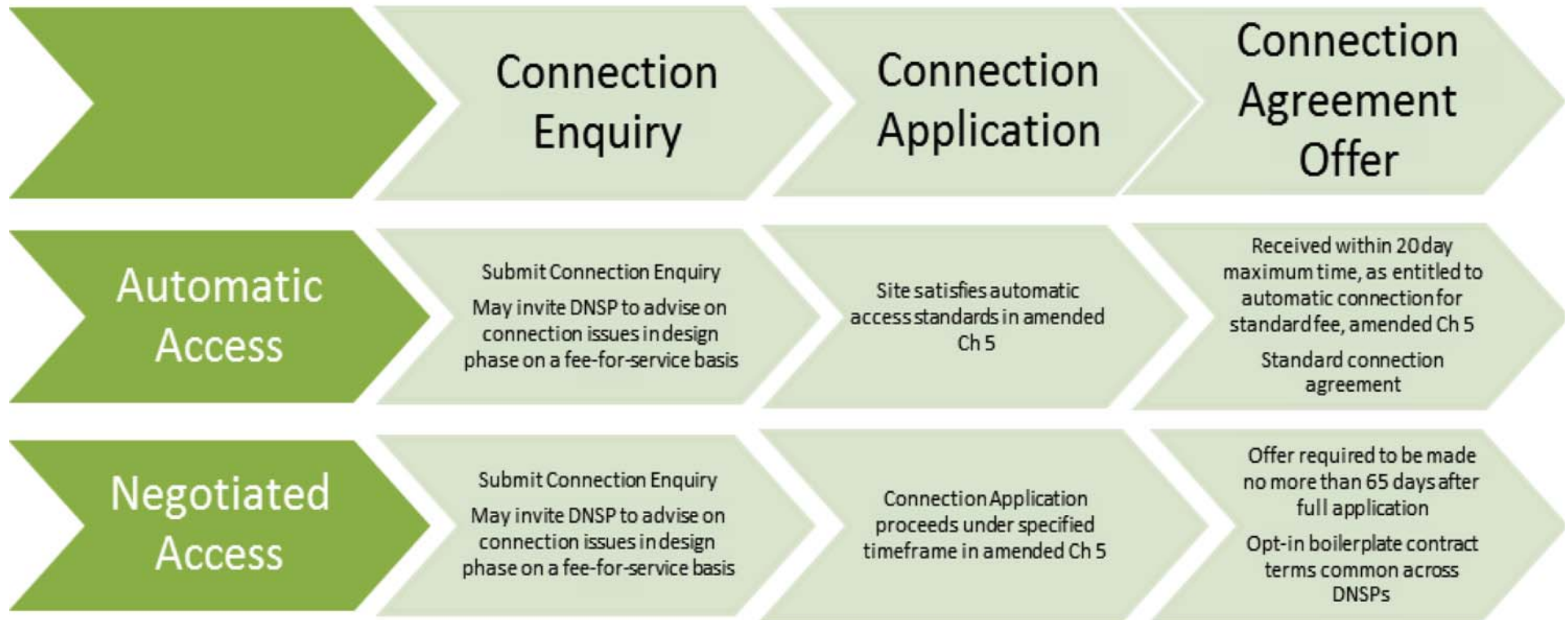
Solutions for connecting embedded generators to the electricity grid

To improve the grid connection changes to the NER are required.

1. Provide an **automatic right of connection** to the grid and standard access terms. This would apply to generators that meet 'Automatic Access Standards.'
2. Enable embedded generators a **right to export electricity** to the grid.
3. Provide an **improved connection process** for **embedded generators that are ineligible for automatic access** and a right to export electricity to the grid.
4. Allow **DNSPs to charge an optional fee-for-service**.
5. **DNSPs to publish annual network reports** identifying where capacity is limited.



4. The AEMC Rule Change Submission



4. The AEMC Rule Change Submission

Benefits of these rule changes



The National Electricity Objective aims to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of electricity consumers.

- Reduced connections costs for proponents and DNSPs.
- Lower payback periods on embedded energy investments.
- Adaptation and innovation in electricity market.
- Economic and energy efficiency and productivity.
- Adaptation to a low carbon economy.
- Reduced demand on network, especially peak demand.
- Potential to lower escalating electricity prices for households and businesses.

5. Conclusion

Aims

1. Replace case-by-case negotiations with a standardised process that is clearer, more certain and efficient.
2. Encourage embedded generation without compromising the integrity of the national electricity grid.
3. Better relationship between DNSPs and customers.



Thank you

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