



Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

22 November 2011

Dear Sir

Re: ERC0131 — National Electricity Amendment (Distribution Network Planning and Expansion Framework) Rule 2011

Seed Advisory, Climateworks Australia and the Property Council of Australia have been working with a group of developers of cogeneration projects, building owners, distributed energy services businesses, distribution businesses, regulators, government representatives and other stakeholders to identify ways in which the barriers to cogeneration and trigeneration experienced by project proponents can be significantly reduced. The report, *Unlocking Barriers to Cogeneration*, can be found on [Climateworks Australia's website](#), [the Property Council of Australia's website](#) or [our website](#).

In working as part of a large group of stakeholders in collectively addressing the issues faced by project proponents, we have focussed on a group of “shovel ready” projects – projects that are currently in the design and development phase in and around Melbourne. A description of the key characteristics of the projects included in our work can be found in our report. Our comments on relevant issues raised in the Consultation Paper relating to the National Electricity Amendment (Distribution Network Planning and Expansion Framework) Rule 2011 reflect the conclusions of this work.

We support the requirement that Distribution Network Service Providers (DNSPs) be required to publish an Annual Planning Review (DAPR) and that, in particular, as proposed in the new Rule 5.6.2AA (g), the DAPR should have regard to estimated embedded generating units and their outputs and a wide range of system limitations. The findings of our work support the finding that better information provided by the DNSPs will support better decision making by embedded generation project proponents, in particular by allowing projects to be prioritised taking into account network capacity and existing and emerging network constraints.

In our view, this information is a necessary pre-condition for the greater penetration of cogeneration and trigeneration. However, in the light of our findings, we think that some guidance should be provided to ensure that DAPRs appropriately reflect existing and well-based anticipations about future projects in the five years covered by the DAPR. Unrealistically high expectations about future projects, if included in estimates of network capacity and estimates of expected network performance, could in themselves constitute a barrier to embedded generation.

**Question 3.6****Is there a need to consider additional measures to ensure DNSPs deliver robust, high quality DAPRs? If so, what additional measures could be put in place?**

Guidance should be provided to ensure that DAPRs appropriately reflect existing and well-based anticipations about future projects in the five years covered by each DAPR. This guidance could include:

- Requiring the DNSP to provide information on the basis for projections of estimated embedded generating units and outputs. For example, this could include a discussion of the extent to which the DNSP is relying on connection inquiries and applications or other methods for projecting estimated embedded generation units, including surveys of building owners, local government policies, etc.
- Requiring the DNSP to discuss the methodology on which estimates of capacity in sections of the network have been based. For example, where an allowance is made by the DNSP for future customer connections in calculating existing available capacity, the implications of this reservation policy for the connection of embedded generating units could be discussed.
- Requiring the DNSP to discuss the methodology on which estimates of system security issues, design fault levels and the requirement for voltage regulation have been based. For example, this could include identifying where a DNSP tests for the implications of a cluster of embedded generating units being connected to a given location in its testing of any individual application and a discussion of the implications of this approach to network performance for the connection of embedded generating units.

We support the proposed Rule Changes. We believe the requirement to publish DAPRs will contribute to the achievement of the National Electricity Objective. However, while greater information is an important element of increasing the potential contribution of cogeneration and trigeneration, it is not a sufficient condition. In the light of our observation that current connection processes are inefficient and that, in addressing the inefficiencies the efficiency of the National Electricity Market will be improved, we intend to lodge a Rule Change proposal to amend the existing connection process in Chapter 5 and the proposed connection process in the soon to be introduced Chapter 5A.

We would welcome the opportunity of discussing this submission and our project with you. I can be contacted on 03 9658 2352 or on 0412 254 589.

Yours sincerely

Patricia Boyce
Director