



# Conservation Council SA

## **Conservation Council SA Response to National Electricity Amendment (Scale Efficient Network Extensions) Rule 2011**

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**Conservation Council of SA Inc  
Conservation Council SA**

**1/157 Franklin St**

**Adelaide**

**SA 5000**

**p: (08) 8223 5155**

**f: (08) 8232 4782**

**e: [general@conservationsa.org.au](mailto:general@conservationsa.org.au)**

**[www.conservationsa.org.au](http://www.conservationsa.org.au)**

The **Conservation Council of South Australia Inc (CCSA)** is the peak conservation body for South Australia, representing over 50 of the State's environment and conservation organisations.

CCSA is an independent non-profit, non party-political, community based organisation which provides resources, advice and representation for the SA environment movement, and which leads many of the key conservation campaigns in SA.

CCSA is known for its success in developing long term community development, education, and on-ground environmental restoration programs.

CCSA regularly liaises with Local, State and Federal Governments, Government agencies, media, educational institutions, NGOs, unions, industry, business and other groups on matters relating to the environment and social justice.

As a community organisation, much of what CCSA achieves is through a large network of skilled volunteers from all walks of life – for its office, on-ground, governance and campaign activities.

CCSA is committed to a healthy environment for South Australia.

The Conservation Council of South Australia is deeply concerned that the Draft Rule proposed by the Australian Energy Market Commission will fail to support the urgent network and capacity expansion required across Australia's electricity grids to underpin a transition to optimise renewable energy.

Given the cost impacts of climate change on Australia's well being, our communities, families and future generations, a more holistic approach is needed to deliver a far more flexible transmission system that reaches across into the places where renewable energy can be produced at least cost and with least environmental and social impact. To constrain this network and capacity infrastructure upgrade will result in the further clustering of wind farms along current transmission routes, creating increasing concern where such developments may be sub-optimal in their generation capacity or impact excessively on local communities and sensitive environmental assets.

The risk of the draft rule, in seeking to "allocate risk and cost to market participants or investors, rather than to consumers", is that it will continue the under-investment in transmission infrastructure, particularly in the grid extensions and transmission capacity upgrades required to support renewable energy from new wind generation, hot rocks, wave and tidal power, concentrated solar thermal etc.

For large-scale new renewable energy to be ramped up to the optimal scale considering generation rates, community interests and environmental protection, it is unrealistic to expect the renewable energy industry to thrive under the draft rule proposed by the AEMC.

In contrast, the proposal by the Ministerial Council on Energy (MCE) required consumers to underwrite the cost (and risk) of spare capacity, to be paid back through generator charges if all generation were to connect as forecast. A regulatory oversight mechanism was included to reduce asset stranding risk to consumers. In our view, this rule should be implemented together with national and state based planning to support renewable energy to scale up as fast as possible, which in turn will drive down greenhouse gas emissions.

A far better, far reaching, greener electricity grid with the necessary capacity will support more renewable energy to enter the grid, allowing it to be moved between suppliers and customers and across states to displace as much polluting fossil fuel use as possible.

CCSA questions whether there have been any significant issues with stranded transmission assets to date, noting that much of the criticism of Australia's transmission grids is that there is under-investment and they don't extend to where renewable energy opportunities are best placed.

The draft rule states that TNSPs must undertake any studies on possible scale efficient network extensions but there are obligations on the scope , emphasis on

sustainability outcomes, or quality of such studies so there is really no expectation that such an approach will support our transition to a low carbon economy.

A report prepared by McLennan Magasanik Associates (MMA) on the *Potential for Renewable Energy in South Australia (2009)* identified that South Australia could achieve the following by 2020:

- a) 6,600 GWh of geothermal power from 0 GWh currently
- b) 5,700 GWh of wind power (up from 1,140 GWh currently. 3,200 GWh would meet the current 2014 target of 20%)
- c) 350 GWh from other sources (up from 90 GWh currently)

Based on South Australian electricity demand of 24,500 GWh (i.e. taking into account the resources boom) the MMA modelling (total 12,650 GWh) would result in over 50% renewable electricity..

The Report conservatively recommended that a target of 40% would be achievable. CCSA believes that the potential is even higher, as this report did not adequately include any significant concentrated solar thermal electricity using molten salt technology to improve solar power availability.

The MMA Report in its opening paragraph in the introduction identifies that:

exploitation of this resource will be limited by the small size of the energy market in South Australia and the current structure of the transmission system within South Australia, which limits the ability to transmit electricity from favourable sites to remote electricity markets. Already, a number of wind farms on the Eyre Peninsula have been put on hold as the existing transmission system cannot cope with additional capacity.

CCSA strongly urges that the Draft Rule not be adopted and that instead the proposed rule recommended by the Ministerial Council on Energy be implemented. In addition to our support for the MCE Rule Change as originally proposed, we encourage that the AEMC collaborate with necessary stakeholders to develop a National Transmission Plan and State Transmission Plans specifically targeted to enhance our transmission grids towards transitioning to a low carbon economy as fast as possible.

Another report, prepared by the National Institute of Economic and Industry Research on *The future prospects for renewable energy in South Australia (2009)*, noted that if the identified potential of 11,229 GWhs was achieved in South Australia by 2020, this would "permit about a 50 per cent target to be achieved".

The key issue however, is that for high optimum levels of renewable penetration and use to become a reality, the grid needs to become a facilitator rather than a barrier. The sooner we tackle climate change, the cheaper the costs to society will be in the long term. On this matter the AEMC should see its role in regard to the broader need for sustainability to create the infrastructure that future generations depend on.