



9th August 2012

Mr Steven Graham
Chief Executive
Australian Energy Market Commission
PO Box A2449
South Sydney NSW 1235

Dear Steven,

RE: AEMC REFERENCE ERC0147, CONSULTATION PAPER: CONNECTING EMBEDDED GENERATORS - PROPOSED RULE CHANGE

Sustainable Regional Australia welcomes and provides principle support to the changes for embedded generation proposed by ClimateWorks Australia, Seed Advisory and the Property Council of Australia.

In addition to facilitating cogeneration commercial works, Sustainable Regional Australia are currently working with three regional communities to decrease collective consumption of electricity in households, community groups and businesses as well as establishing community owned renewable energy assets – the three projects are based in central and northern Victoria and are titled “Renewable Newstead”, “Renewable Kyabram” and “Renewable Murchison”.

The proposed changes provide solutions to the varied barriers and disincentives that we are currently confronting in facilitating cogeneration projects and establishing community owned renewable energy assets. In particular, the proposed changes will:

- positively enhance project viability through reduced connection fees and reduced technical requirements
- increase incentives and success rates through systematic procedures that are streamlined, clear, transparent and consistent.

Sustainable Regional Australia is passionate and committed to provide communities with sustainable and resilient pathways. In collaboration with community leaders in our projects, we are committed to decreasing consumption and establishing local, decentralised renewable energy generation that is community owned providing economic, social and environmental benefits.

Using energy to unite a whole community, these projects provide opportunities to strengthen and prosper communities through a competitive return on investment, enhancing social cohesion and allowing a way to positively contribute to the environment.

Residents within the communities we work with and other Australian communities are typical consumers of electricity and are concerned about energy prices and security. By removing barriers to embedded generation connection via the proposed rule changes, allows for greater incentives for communities to become energy generators through business enterprises with significant benefits across the triple bottom line.

We believe that the proposed changes would promote the National Electricity Objective to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity.

The following addresses some of the specific questions as outlined in the consultation paper:

Question 3. Publishing details of information requirements.

(a) What are the costs and benefits to distributors and embedded generators in requiring distributors to publish information on its connection process including an application form and information on application fees and calculation of connection costs?

Establishing and maintaining this information may be an initial cost to distributors or Distribution Network Service Providers (DNSPs). However the benefits would override the costs as this would provide transparency, minimise complexity and enable embedded generators to be proactive and aware of requirements which would assist with project planning and feasibility studies. The benefit for DNSP's is to have systemised procedures to decrease the time required for case by case negotiations.

(e) Should the proposed changes apply generally to all network service providers?

Yes, this would allow for consistency.

Question 4. Response to connection enquiries.

(d) To what extent would the requirements for distributors to publish the demand side engagement document resolve any issues?

This would allow for necessary information to be easily accessible creating efficiencies for both connection applicants and DNSP's.

Question 5. Information to be included in offers to connect.

(b) How would the proposed rule to add an 'itemised statement of connection costs improve the current arrangements? How would stakeholders be impacted if this requirement were to be introduced?

This would allow for greater accessibility for information to include in feasibility studies and in particular, budget preparation for feasibility scenario modelling purposes. Many upfront costs are unknown which creates a burden to obtain these costs, which requires additional time and costs where resources may be limited. Uncertainty of what is required can be barrier not to proceed with a potentially valuable project.

In addition, such transparent information will provide for greater efficiencies for connection applicants and DNSP's.

(c) Should this requirement apply to all types of connections?

Yes, for consistency.

Question 10. Embedded generators having an automatic right to export to the grid.

(b) What are the impacts on embedded generators and other participants when exporting is not allowed?

This allows for potential wasted energy generation and increases the reliance on fewer generators, often centralised, minimising the security and stability of electricity supply without the potential to reduce transmission costs.

(d) What are the costs and benefits of allowing, and not allowing, embedded generators to export electricity to the network?

The benefits of allowing embedded generators are that it allows for excess energy to be stored in the grid creating greater efficiencies, reducing wasted generation and allows for increased viability and return on investment in embedded energy generating projects. This encourages more projects providing widespread benefits particularly for community owned energy generating assets.

Exporting from embedded generators also allows for additional GreenPower to be consumed as well as virtual net metering. Virtual net metering allows net metering credits generated by a renewable system to offset load at multiple retail electric accounts within a DSPN's service area and credits appear on each individual customer's bill the same as they would under traditional net metering.

(e) Is there any basis for embedded generators to be treated differently to load or other generators? For what reasons?

Embedded generators should be encouraged due to the positive impact on the environment, increased security and potential for less transmission costs due to generation at location.

Question 12. Shared network augmentation costs.

(b) Should embedded generators (noting that embedded generating installations can encompass a broad range of installations) be exempt from paying shared network augmentation costs? Why or why not?

Exemption of augmentation costs for embedded generators minimises financial requirements increasing viability and providing greater incentives for network connection applicants. Exempting the augmentation costs factors in the value and benefits of embedded generation in providing an electricity system that minimises transmission and distribution infrastructure, reduces carbon emissions, is up to date, innovative and meets the needs of electricity users through promoting the National Electricity Objectives of price, quality, safety, reliability and security of supply of electricity.

(c) If embedded generators are exempt from shared network augmentation costs, how should these costs be allocated?

Consideration for augmentation costs should be based on fairness by considering overall developments to the grid. The potential costs and issues associated with potential network expansion requirements such as where excessive exporting was occurring for embedded generators presents a challenge to adopt appropriate and innovative solutions for the industry to deliver the benefits that electricity users receive from embedded generators without creating financial barriers for connection applicants.

We look forward to the outcome for the first round of consultation for the proposed rule change. Please call myself or our CEO, Leah Sertori, if you wish to seek further information.

Yours sincerely,



Ross Egleton
for Sustainable Regional Australia