

3 February 2016

Australian Energy Market Commission

Lodged on line at: <http://www.aemc.gov.au/Contact-Us/Lodge-a-submission.aspx?nodeid=27731>

Dear Sir/Madam

**Written submission to the Local Generation Network Credit Rule Change**

Thank you for the opportunity to make a submission to the consultation on the Local Generation Network Credits rule change request. Please accept this officer's submission from Bass Coast Shire Council.

Council has a strong focus on supporting and transitioning to a low carbon future, and preparing for climate change. The *Council Plan 2013-2017* includes:

*Key Strategic Objective: Natural Environment: Our unique natural environment is protected, maintained and enhanced for the enjoyment of all.*

The strategy to achieve this is to:

*Mitigate the forecast impacts of climate change by integrating the predictions into our decision making and planning for infrastructure, services and utilities.*

Bass Coast Shire's prosperity comes from its environment which, in turn, drives its economy through liveability, tourism and agriculture. A sustainable environment with sustainable development is critical to our future.

Bass Coast Shire Council is the lead agency to moving our municipality towards a sustainable future, particularly during this period of growth and change.

Bass Coast Shire Council is partner to ComMET: *Communities making energy together*. This group is made up of a number of individuals, community groups and local agencies who have partnered together to support and progress strongly governed, financially, socially and environmentally sustainable Community Energy Projects in Southern Gippsland, Victoria.

Officers have considered the Local Generation Network Credits rule change request and provide the following responses for consideration when finalising the Statement:

## General comments

It is acknowledged that the National Electricity Rules do provide some incentive for efficient investment in smaller scale generation that is connected to the electricity supply chain via distribution networks (local generation). However, the incentives for local generation in the current Rule either do not provide adequate recognition of the benefits that local generation can provide, and/or may not be readily accessible to small-scale local energy generators.

## Specific points

### 1. This rule change allows networks to:

- a. **calculate the long-term economic benefits that embed generators to provide distribution and transmission networks**
- b. **pay embedded generators a local generation network credit that reflects those estimated long-term benefits**

Bass Coast Shire Council supports this rule change, and recognises that the benefits of this rule change are also much broader. Bass Coast Shire Council requests that the AEMC to also recognise the broader and positive changes this rule change will bring about for the community and our environment. This rule change ensures that consumers and generators are charged appropriately for partial use of the electricity network. It corrects the inequities in the system which favours centralised generators and, overtime supports smaller generators which includes community energy projects. This rule change should create smaller, more efficient grid that is appropriate for decentralised generation, and support mid-scale community energy projects.

2. **The current rules are a barrier to progressing community energy.** As a member of ComMET, Council understands that the potential for community energy project success is restricted. Under current rules, the business case for community energy is uneconomic due to network charges related to importing locally generated energy into the grid.

### 3. Consumer benefit of the rule change include:

- a. Bass Coast Shire Council believes that network credit will significantly improve the viability of community energy projects, by allowing currently excluded consumers, access to renewable generation, and reduce the reliance on behind the meter consumption.
- b. Maintained use of the distribution network, and thereby reducing the risk of the network cost being shared by a reducing number of consumers as the energy market shifts. Offering an alternative to behind the meter renewable energy solutions, through a network credit, ensures maintained network use from some renewable energy generation into the future.

- c. Local input in the grid during peak periods, resulting in a reduced need for investment in high voltage and transmission networks by distribution businesses.

Bass Coast Shire Council also encourages AEMC to undertake research additional to the work done by the proponents of City of Sydney, Property Council of Australia, and Total Environment Centre to quantify:

- Savings to consumers from this rule change
- The likelihood of network credits to bring renewable projects to the grid rather than going off-grid.
- The potential long-term savings from downsizing the network, if local solutions can be implemented and work well.

Council appreciates the opportunity to provide comment on the Local Generation Network Credit Rule Change and would be pleased to discuss any of the above points.

For further information on this matter please contact Ms Deirdre Griepsma, Manager Sustainable Environment on 1300 BCOAST (226 278) / (03)5671 2211 or via email at [deirdre.griepsma@basscoast.vic.gov.au](mailto:deirdre.griepsma@basscoast.vic.gov.au).

Yours sincerely



Cr Jordan Crugnale  
**Mayor**

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