

Mr. Neville Henderson
Acting Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Friday 17 August 2012

Dear Mr. Henderson

Submission to Small Generation Aggregator Framework (ERC0141)

This submission is made on behalf of the Private Generators listed on the side bar. The Private Generators work on a range of issues affecting generation businesses, including issues related to the National Electricity Market, climate change policy, the environment and work health and safety.

The generators listed welcome the opportunity to comment on the Commission's draft determination on the Small Generation Aggregator Framework consultation.

We observe that the draft rule determination is quite different from the proposed rule change and this has led to confusion in relation to the potential for multiple Financially Responsible Market Participants (FRMPs) at a single connection point.

Due to these uncertainties, the listed generators are unable to give support to the draft determination. We urge the Commission to clarify these issues before proceeding with the process of establishing small generator aggregators (SGAs) as a new category of Registered Participants and the Market Small Generator Aggregators (MSGAs) as a new category of Market Participants in the NEM.

The listed generators also do not accept the Commission's justification for providing exemptions for MSGAs from liability for ancillary service fees and from inclusion in the carbon dioxide equivalent intensity index (CDEII) as proposed in the draft determination.

Ancillary service charges

As indicated by the Commission, there would not be expected to be any non-market applications for registration under the category of SGA. This is consistent with the intent of the proposal to allow small generators to have access to the market.

Currently, all market participants are liable to pay ancillary service fees. While customers and generators pay different ancillary services fees, as market

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participants they are all liable.

Furthermore, the Commission has indicated that MSGAs should be administered in a manner similar to Market Customers. In arguing that MSGAs must be liable for ancillary service fees, the view of the listed generators is that MSGAs are effectively small generators and as such should be administered in a manner similar to Market Generators.

Therefore we oppose the exemption from ancillary service fees for MSGAs and contend that as “small market generators” they must therefore be liable for the same ancillary service fees faced by existing Market Generators.

To do otherwise creates an inconsistency within the National Electricity Rules (NER) and undermines the principle of technical neutrality, a founding principle in the NEM that has influenced the current NER provisions.

Carbon dioxide equivalent intensity index

As MSGAs will be a category of Market Participant they must be therefore included in the calculation of the CDEII.

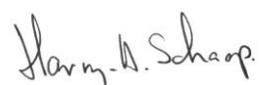
The draft determination indicates the potential for circa 150MW of new capacity being added to the NEM over the next three years under this new registration category. This represents a non-trivial bloc of capacity in the NEM.

Also, it is highly likely that this capacity will consist of embedded generators which have a higher intensity than the NEM average (for example back-up diesel generators in commercial property). We therefore challenge the claims made in this process and repeated in the draft determination that emissions from this new category or Market Participant will be lower than the average NEM intensity.

Ignoring this capacity from reporting in AEMO’s CDEII process introduces unnecessary errors into the data calculated by AEMO. If this capacity were also to grow in the future, then this error would be compounded.

Should you have any enquiries regarding this matter please do not hesitate to contact me on 03 9499 4249 or 0413 623 043 or via email Harry.Schaap@tpg.com.au.

Yours sincerely



Dr Harry Schaap
(on behalf of the listed generators)