



Ethnic Communities' Council of NSW Inc.

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Australian Energy Market Commission
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Inclusion of Embedded Generation Research into the DMIS

The ECC congratulates the Commission in proposing a draft rule to strengthen the incentives for Distribution Network Service Providers (DNSPs) to minimise the connection costs of embedded generators in response to a request submitted by the Ministerial Council on Energy (MCE). The MCE request was for the inclusion of embedded generation research into the DMIS applied by the Australian Energy Regulator (AER) to DNSPs as part of their revenue determinations.

The Ethnic Communities' Council of NSW (ECC) includes a constituency of CALD community members who are keen to adopt new technologies particularly if, in the long-term, the technology will save them money on their energy bills. This has been demonstrated by the ***Saving Water in Asian Restaurants*** projects where restaurateurs embraced a new and innovative technology to save water, saving 97 ML of water each year and reducing their water costs.

The ECC recognises that the existing National Electricity Rules would be improved to enhance demand-side participation (DSP) in the national electricity market. In the existing framework, DNSPs have strong incentives to focus on network reliability and safety and weak incentives to minimise costs associated with connecting embedded generators to their network. This imbalance is largely a result of the discretion DNSPs have in specifying the minimum technical standards that connecting embedded generators must meet at their own expense.

Embedded generation can provide an energy source that is available during peak demand if stored during the low demand, reducing the dependence during peak demand and reducing the DNSPs' need to further enhance the main network. Many small businesses and households are reluctant to reduce their use of air conditioners or other large energy using appliances during peak demand times during the height of summer. These households and businesses would be able to access on-site stored energy that had been captured during the opportune times. For example, in the case of photovoltaic cells, during the sunniest and hottest time of a summer day.

The rule change would encourage the DNSPs to research and develop innovative technology and work with consumers to install the technology. The DNSPs could develop the technology so that once the storage capacity on site was replete then the energy captured by the embedded generator would feed into the main network.

The minor draft amendments would overcome the existing lack of incentives. The draft rule change and title change to 'Demand management and embedded generation incentive scheme' reflects an expanded objective and scope of the scheme.

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Yours sincerely

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