

10 August 2012

Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH
NSW 1235

Dear Sir/Madam

RE: NATIONAL ELECTRICITY AMENDMENT (CONNECTING EMBEDDED GENERATORS) RULE 2012 – RULE CHANGE PROPOSAL ERC0147

Thank you for the opportunity to provide comment on the rule change proposal in relation to the connection of embedded generators in the National Electricity Market. The Green Building Council of Australia (GBCA) supports initiatives, policies and regulations that contribute to lower greenhouse gas emissions and lower environmental impacts from the built environment. We believe that there are elements of the rule change proposal that can benefit industry and lead to better outcomes for the built environment.

About the GBCA

The GBCA is Australia's leading authority on green buildings and communities, established in 2002 to develop a sustainable property industry in Australia and drive the adoption of green building practices. The GBCA promotes green building programs, technologies, design practices and processes, and operates Australia's only national voluntary comprehensive environmental rating system for buildings - Green Star.

The GBCA has more than 850 member organisations, including government departments at local, state and federal level, which work together to support the Council and its activities. The GBCA is also a founding member of the World Green Building Council (WorldGBC), which was established to provide a federated 'union' of national green building councils with a common goal to support the sustainable transformation of the global property industry; there are now 92 such councils worldwide.

Green Star rating tools

Green Star is a national, voluntary tool that encourages, recognises and rewards best practice and innovation. The first Green Star rating tool was released in 2003 in response to market demand for a rating tool that would evaluate the environmental design and construction of buildings as well as establishing a common language for green buildings.

There are currently nine Green Star rating tools which address a range of building types and more than 480 projects have achieved Green Star certification across Australia, with a further 500 projects registered. The Green Star rating system is designed to take an holistic approach within each class and building sector, addressing nine categories in total: Management, Indoor Environment Quality (IEQ), Energy, Water, Materials, Land Use and Ecology, Emissions, Innovation and Transport.

Connecting embedded energy generators

The GBCA is committed to promoting green building practices, design and technologies that will help to develop a more sustainable property industry in Australia. Many of our members are involved directly or indirectly with embedded energy generators and/or energy distribution and while this means our membership will have a range of views on the issue of the rules governing the connection of embedded energy generators, the GBCA seeks to represent the interests of our members where they align with the mission of the GBCA.

Property owners and developers are interested in including embedded energy generation technology in their projects for a number of reasons, including lower operating costs, higher rental and capital yields, reduced exposure to electricity costs and the impact of a carbon price as well as meeting corporate responsibility and environmental leadership objectives.

A number of Green Star-certified projects include embedded energy generators with many more registered projects planning to include them. Green Star recognises embedded energy generators within the *Ene-5 Peak Energy Demand Reduction* credit which awards points where it can be demonstrated that a project has incorporated a system, such as an embedded energy generator, that successfully reduces the peak energy demand of the building. In addition to this the *Ene-1 Greenhouse Gas Emissions* credit awards points where projects reduce or eliminate the CO₂ emissions of their building. This can be achieved in a variety of ways, including through efficient design and/or onsite energy generation. This credit can often be a driver for embedded energy generation systems such as cogeneration. However, since Green Star is a voluntary rating tool with a wide range of credits or categories, the GBCA sets best practice benchmarks rather than encouraging specific designs or solutions, instead encouraging better outcomes from a range of solutions.

The GBCA supports government policies that aim to reduce greenhouse gas emissions in the built environment. In 2009, the Council of Australian Government (COAG) released the National Strategy on Energy Efficiency (NSEE). The NSEE recognises that there is significant potential in the built environment to improve energy efficiency and transition to low-carbon energy options. Maximising the potential for the application of cogeneration, trigeneration and other distributed energy technologies is one of the measures identified in the NSEE and supported by the GBCA.

The GBCA also advocates for contemporary regulations which seek to evolve with industry practice and innovation and which will improve outcomes for the sustainability of the built environment. The proponents of the rule change proposal; the Property Council of Australia, ClimateWorks and Seed Advisory; have identified a number of ways in which the National Electricity Rules (NER) pose barriers for embedded energy generators to connect to the electricity grid. These barriers include inconsistent national and jurisdictional regulation, case-by-case connection processes, a lack of clear and binding timelines, a lack of standard information requirements, diverse technical requirements, significant connection and network augmentation costs and different connection terms amongst distribution network service providers (DNSPs).

The GBCA supports changes to the rules that will bring a more consistent, standardised and Australia-wide approach to the process for embedded energy generators to be connected to the grid. State and Territories currently have different rules and requirements and the GBCA supports harmonisation of regulations while recognising that there may be certain situations in some jurisdictions that will require more specific treatment. Making rules and requirements simpler, clearer and more consistent will help to reduce the confusion in the marketplace and enable case studies to be relevant across the country, not just regionally.

The GBCA believes that while increasing transparency and certainty for those wishing to connect embedded energy generators to the grid for the purpose of exporting energy is an important objective, we note that a number of our members have highlighted concerns that some of the solutions proposed, such as excluding embedded generators from network augmentation costs, may result in inequitable or negative long-term consequences for the energy network and its stakeholders.

The GBCA urges the Australian Energy Market Commission to identify the areas in which changes will result in long-term benefits for all parties, including the broader Australian community, and to consider carefully the issues raised which may need further analysis and consultation before action is taken.

Please do not hesitate to contact me if the GBCA can provide any further information to assist with the consultation process.

Yours sincerely,



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