

9 November 2011

To whom it may concern

Re: Inclusion of Embedded Generation Research into Demand Management Incentive Scheme draft Rule determination and draft Rule

The Moreland Energy Foundation Ltd (MEFL) supports the draft Rule determination and draft Rule, which represents a small improvement to the incentives in the National Energy Market for distribution network service providers to facilitate the uptake and minimise obstacles to the connection of embedded generators.

However, we agree with the comment in the draft Rule determination that “the likely success of the draft Rule will ultimately depend on the appetite of DNSPs to propose innovative projects that promote innovation in connection of embedded generators and the extent of the funding allowance the AER will set for this purpose”.

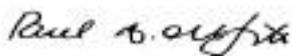
Further, the existence of the Demand Management Incentive Scheme has not to date overcome obstacles to greater uptake of demand-side alternatives to expensive supply-side capital expenditure in the distribution network. Its extension through this draft Rule is likewise unlikely to overcome the systemic obstacles to connection of embedded generators.

MEFL believes the following policy solutions are needed in order to address these systemic issues:

1. **Connection processes:** Standardise and clarify connection processes for new distributed generators – including renewable energy generators – up to 5MW.
2. **Costs:** Establish clear and detailed guidelines for costs related to connection processes.
3. **Information:** Require the publication of better information about network constraints and other issues that may render certain locations unsuitable for new connections.
4. **Dispute resolution:** Establish a connection ombudsman or other dispute resolution process to resolve disputes arising out of connection processes.

The barriers to connection of embedded generation, and these policy solutions are described in greater detail in the attached policy briefing. Please do not hesitate to contact Eli Court, MEFL’s Energy Policy Advocate on (03) 9385 8529 or via eli@mefl.com.au for further information.

Sincerely,



Paul Murfitt
CEO, Moreland Energy Foundation Ltd.