



TOTAL ENVIRONMENT CENTRE INC.
National Electricity Market Campaign

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Submission to the AEMC

Connecting Embedded Generators

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Total Environment Centre's National Electricity Market Campaign

Established in 1972 by pioneers of the Australian environmental movement, Total Environment Centre (TEC) is a veteran of more than 100 successful campaigns. For over 30 years, we have been working to protect this country's natural and urban environment, flagging the issues, driving debate, supporting community activism and pushing for better environmental policy and practice.

TEC has been involved in National Electricity Market (NEM) advocacy for eight years, arguing above all for greater utilisation of demand side participation — energy efficiency, demand management and decentralised generation — to meet Australia's electricity needs. By reforming the NEM we are working to contribute to climate change mitigation and improve other environmental outcomes of Australia's energy sector, while also constraining retail prices and improving the economic efficiency of the NEM — all in the long term interest of consumers.

Connecting Embedded Generators Rule Change Proposal

TEC supports the proposed Rule change and believes that it is in the long term interests of consumers, as required by the National Electricity Objective. It is our opinion that the Rule change proposal will result in a simpler and fairer connection process for midscale embedded generators.

We are impressed with the work of Seed Advisory, Climate Works and the Property Council in proposing this rule change. The proposal takes a systematic and practical approach taken to identifying the barriers to connection of embedded generation projects and proposing solutions to these problems within the current rules. The result is a rule change proposal that TEC is pleased to support.

While TEC cannot comment on technical details and questions in the consultation paper we wish to offer the following general comments and recommendations, particularly in relation to the application of the proposed rule change to Community Renewable Energy (CRE) projects.

Community Renewable Energy

With the real and present threats posed by climate change, communities, individuals, companies and governments are seeking to take practical action to mitigate the problem, as well as adapt to its consequences. Transitioning to renewable energy through CRE projects is one of the many such actions that can be taken, and we believe that regulatory frameworks should facilitate the deployment of CRE. There are thousands of CRE cooperative organisations and projects around the world, and around 70 in the early stages of development in Australia. Despite this, there is only 1 project currently in operation in Australia; Hepburn wind in Victoria, which recently generated its 10 millionth kilowatt hour of electricity. There is a further CRE project under construction in Denmark, Western Australia.

In other jurisdictions, CRE projects have received much stronger support. For example, the Scottish Government's Community and Renewable Energy Scheme, designed to support CRE projects with funding and project management assistance, has assisted in the commissioning of over 300 CRE projects.

Australia is fortunate to be endowed with some of the world's best renewable energy resources. Australia is exposed to high solar radiation and has extensive areas of high wind which enable the utilisation of the two most developed renewable energy technologies. Australia also has the resources to benefit from emerging renewable energy technologies, such as geothermal and wave and tidal energy.

CRE projects may have the following benefits:

- They can provide jobs, both in commissioning the project and in long-term operation and maintenance.
- They enable communities to take responsibility for their own electricity generation. CRE projects can help local communities build resilience against high electricity prices and other electricity supply issues, such as transmission failures, and can be a way for low income households and tenants to have a stake in their electricity supply.
- They can bring communities together, enhancing social capital.
- Renewable energy resources are often located far from existing electricity networks, requiring costly investment in augmenting the networks; CRE projects can bring electricity supply to a local level, eliminating the need for such investment.

Application of the Proposed Rule to Community Renewable Energy Projects

We understand that the proposed rule change covers the 10 kW to 30 MW range not explicitly provided for by Chapter 5A and Chapter 5 of the National Electricity Rules respectively. This coverage encompasses CRE projects, as these are usually in the range of 100 kW (solar) to 10 MW (wind).

We therefore support the applicability of the proposed rule not only to co- and tri-generation plants in city buildings, but also to such CRE projects, which are being planned and constructed in rural and regional areas, although this model may also apply to urban environments such as large rooves and derelict or contaminated land.

Barriers to CRE Projects

As with many emerging methods of electricity generation, CRE faces numerous technical, regulatory, cultural and legal barriers in Australia, as regulatory frameworks were designed to meet the needs of the out-dated centralised model of electricity supply.

The barriers faced by CRE projects are broadly similar to those identified in the proposed Rule change in relation to city-based co- and tri-generation projects. As such, the proposed Rule change will address some of the barriers to CRE, namely:

- Uncertain timelines for connection enquiry and application.
- Lack of clarity regarding the information required to achieve connection.
- The onerous technical requirements imposed on CRE generators as a condition of connection.
- The costs and terms of connection.

Recommendations

TEC supports the proposed rule change and recommends that the AEMC should adopt the Rule change, but with the following minor amendments:

- Network reports on capacity constraints should cover a longer timeframe than the proposed 1 year. The reports would preferably cover a 5 year timeframe to enable an adequate timescale for the development of CRE projects. As a minimum we suggest that a 2 year period is necessary.
- Fees for services should be determined by the AER, not by monopoly network businesses through negotiation with proponents. Such negotiation involves an asymmetric power relationship and it cannot be assumed that the negotiation or fee will be fair. Network businesses generally consider CRE proponents to be of little importance due to their small scale and the work involved in assisting them to connect to the network.
- Network services should also be priced at a level that supports the emergence of this sector in Australia, e.g. by limiting the charge for providing proponents with information about network constraints to \$5,000 or less per location.

TEC staff would be happy to present or answer questions at any public hearing related to this inquiry.

This submission has been formally endorsed by the Victorian Council of Social Services (VCOSS).

Yours sincerely,



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