



30 September 2014

Australian Electricity Market Commission
By email: AEMC@AEMC.GOV.AU

Dear Sir/Madam

Re: Connecting Embedded Generators Draft Rule Determination

The Southern Sydney Regional Organisation of Councils (SSROC) is an association of sixteen municipal and city councils. SSROC provides a forum for the exchange of ideas between our member councils, and an interface between governments, other councils and key bodies on issues of common interest. Together, our member Councils cover a population of over 1.6 million, or one third of the population of Sydney. The Councils are keen to exploit local generation options in a range of different ways including: co- and tri-generation options at the precinct level, and the use of large suitable roof-space (such as on Council depots) for solar power generation. These possibilities are currently technologically but not economically feasible.

Thank you for the opportunity to comment on the draft rule determination. SSROC member Councils are concerned that the operation of the Australian energy market, designed for centralised generation, is no longer appropriate to today's technology. Today's technology means that local generation is a real possibility, which makes sense for the purposes of both energy security and energy efficiency. It is also the most effective way to deploy renewable energy generation such as solar PV and wind turbines.

SSROC was broadly supportive of the Clean Energy Council's (CEC) proposed rule change was intended to improve the connection experience for small and medium-sized generators. It would involve:

- Improving information made automatically available to applicants within a pre-defined timeframe;
- Reducing the costs to embedded generation proponents, both for making an application and proceeding with it;
- Additional dispute resolution mechanisms should it prove impossible to reach an agreement or to meet timeframes.

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The AEMC's proposal includes allowing small and medium embedded generators the option of connecting under the recently revised Chapter 5 rules, although these are understood to be primarily aimed at large "wholesale" customers. The provision of this option is welcome. However, SSROC considers that this is unlikely to benefit many smaller-scale applicants, who might generate between 30kW and 500kW, but who would collectively provide most of the embedded generation potential in the future. Some local councils could form part of this group.

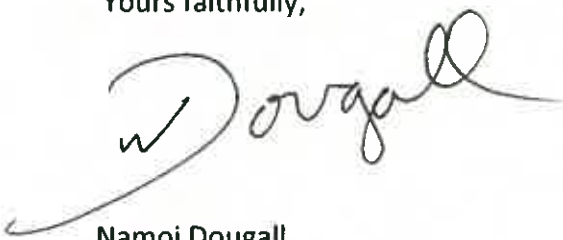
The proposed approach also does not take into account very unbalanced power relationships between proponents and networks. Negotiations between two unequal parties tend to depend entirely on the goodwill of the stronger party. That goodwill cannot be assured, particularly when the weaker party might be considered to be a threat to the success of the existing business model. SSROC would urge that any negotiation between the proponent and the network must be supported by specific obligations on the network. SSROC is also concerned that the approach is unlikely to shorten timeframes, or to improve certainty for proponents.

It would be preferable for distribution networks to be required to develop a set of standardised connection packages to be applied to major embedded generation classes, such as medium-scale solar. This should be done at the cost of the distribution network. Additional formal dispute resolution mechanisms are also desirable.

SSROC would also note that it is important for connection costs to reflect costs that might reasonably be incurred by a network designed for today's energy technology context and the prospective network challenges.

Thank you again for the chance to respond to the proposed rule amendment. Should you wish to discuss this issue further, please contact Helen Sloan, Program Manager on 02 9330 6455 or ssroc@ssroc.nsw.gov.au.

Yours faithfully,



Namoi Dougall
General Manager
Southern Sydney Regional Organisation of Councils