

City of Sydney

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12 April 2012

Our Ref : Energy and Climate Change

Your Ref : AEMC

Australian Energy Market Commission

PO Box A2449

Sydney South NSW 1235

Dear Sir/Madam,

**NATIONAL ELECTRICITY AMENDMENT
(SMALL GENERATION AGGREGATOR FRAMEWORK) RULE 2012**

Please find enclosed submission to the above consultation paper.

Yours sincerely,

Allan Jones

Allan Jones MBE

Chief Development Officer, Energy and Climate Change

**NATIONAL ELECTRICITY AMENDMENT
(SMALL GENERATION AGGREGATOR FRAMEWORK) RULE 2012**

1 Introduction

This submission is made in response to the above consultation paper on the Australian Energy Market Operator (AEMO) rule change request.

5 Issues for Consultation

My comments on the questions outlined in the consultation paper are, as follows:-

5.1 Reducing entry barriers for small generators to the NEM

1. The City agrees that the existing registration process creates barriers to small generators entering the NEM.
2. The introduction of a Small Generation Aggregator should promote greater participation in the NEM by small generators and is considered to be consistent with the National Electricity Objective (NEO).
3. It is considered that entities currently exist, or will enter the market, to fill the role of Small Generation Aggregator.
4. There are other barriers and burdens to Small Generators as set out in the City's submissions to the Prime Minister's Task Group on Energy Efficiency dated 30 April 2010¹, AER Approach to Retail Exemptions Issues Paper dated 27 July 2010² and NSW Special Commission of Inquiry Electricity Transactions dated 16 June 2011, the resolution of which would also reduce administrative costs on Small Generators but these are not alternatives to this rule change but in addition thereto.
5. The City agrees that under the proposed framework, it is appropriate for Small Generation Aggregators to be exempt from the reporting requirements under the Carbon Dioxide Equivalent Intensity Index (CDEII).

¹ City of Sydney Submission to the Prime Minister's Task Force on Energy Efficiency – 30 April 2010
<http://www.climatechange.gov.au/government/submissions/pm-task-group/~media/submissions/pm-taskforce/papers/102-city-of-sydney.ashx>

² City of Sydney Submission to the Australian Energy Regulator on Approach Retail Exemptions – 27 July 2010
www.aer.gov.au/.../item.phtml?...fn...%20City%20of%20Sydney

5.2 Positive impacts on the NEM

6. The City believes that this rule change should lead to positive benefits to NEM participants.
7. The additional benefits that this rule change is likely to facilitate is the reduction in greenhouse gas emissions by incentivising low and zero carbon decentralised energy or distributed generation such as trigeneration and renewable energy.

5.3 Potential Costs

8. The City does not believe that the potential issues identified by AEMO are likely to impose significant costs on market participants. AEMO has already identified the main financial costs that will be incurred by AEMO itself in implementing the framework as \$600,000, which they are presumably prepared to incur as they are the proponent of this rule change.
9. The City is not aware of any other costs that are likely to result from implementing this rule change.

5.4 Civil Penalty Provisions

10. The City is not aware of any perceived risks to the rule commencing operation prior to the clauses referred to in the consultation paper being prescribed civil penalty provisions.

5.5 Transitional Issues

11. The City believes that the transitional arrangements proposed by AEMO are appropriate.

Allan Jones MBE
Chief Development Officer, Energy and Climate Change
10 April 2012