



Ethnic Communities' Council of NSW Inc.

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Submission to AEMC First Interim Report on Optional Firm Access, Design and Testing

The Ethnic Communities Council of NSW (ECC) welcomes the opportunity to provide input into the **AEMC's First Interim Report on Optional Firm Access, Design and Testing**.

Since its formation 40 years ago the ECC has been the peak body for culturally and linguistically diverse (CALD) community members and representative organisations in NSW. The ECC's main activities are advocacy, education and community development. It is a member of the Federation of Ethnic Communities Councils of Australia (FECCA) and the energy advocacy role represents FECCA in the NEM.

1. Demand and congestion

The fall in overall demand from the grid in the last 5 years has been well documented and researched.¹ Current forecasts indicate that no new capacity will be required in the NEM in the next decade to maintain supply.² The expected growth in rooftop solar (domestic and business), reductions in the costs of distributed storage and energy efficiency measures will probably have a compounding effect on any requirements for additional capacity. The ECC supports comments by the Public Interest and Advocacy Centre (PIAC) in its submission to the First Interim Report on Optional Firm Access, Design and Testing that *"[i]t is therefore very unclear to what extent transmission congestion will be an issue in the coming decades"*. If the issue of transmission congestion does not develop markedly, the financial imperatives for generators to take up OFA would not exist. The ECC would therefore fully support PIAC's first recommendation:

*"That, should it continue work on Optional Firm Access, the AEMC collects and publishes data about how widespread the problem of transmission congestion is, including case studies of where new power stations are planned for constrained parts of the network and how OFA would work there."*³

¹ Hugh Saddler, *Power Down: Why is electricity consumption decreasing?* (2013: Australia Institute, Canberra), 4 among others

² AEMO, *Electricity Statement of Opportunities* (August 2014: Melbourne), 1.

³ Dr G Kuiper *Multiple risks for uncertain benefit: Submission to the Australian Energy Market Commission's First Interim Report on Optional Firm Access, Design and Testing*. PIAC Energy + Water Consumers' Advocacy Program 3 September 2014.

2. Benefits and risks for consumers

The potential benefits from OFA to consumers from culturally and linguistically diverse (CALD) communities remain unclear. Possible high implementation costs, risks of over-investment by generators given fluid estimates of demand and the possibility of some sectors of the NEM not taking up an optional process all have the potential to increase energy costs to consumers. Increased energy costs will impact negatively on vulnerable CALD communities.⁴

The ECC would support PIAC's comments relating to the possible risks associated with the implementation of OFA⁵ and concur with its second recommendation:

*"In PIAC's view, Optional Firm Access is not likely to contribute to the National Electricity Objective. PIAC therefore recommends AEMC and AEMO inform the COAG Energy Council at its next meeting that OFA is not worth pursuing, rather than reporting this in mid-2015."*⁶

If you require additional information please contact Iain Maitland, Energy Advocate on 02 9319 0288 or email energy2@eccnsw.org.au.

Sincerely yours,



Mark Franklin
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⁴ 2012 Survey data *ABS Census 2011* NSW (Questions 27 and 29)

⁵ G Kuiper 2014 *op.cit.* pages 4 - 6.

⁶ *ibid* page 6.