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3 February 2016

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Sir/Madam

RE: ERC0191

Please find this letter of submission jointly written by Byron Shire Council and Sustain Northern Rivers Energy Group on the proposed National Electricity Amendment (Local Generation Network Credits) Rule 2015. Thank you for the opportunity to make this submission.

The introduction of a local network charge, delivered as a Local Generation Network Credit (LGNC), is an important measure to improve the NEM and make it more fit for the electricity system of the future.

At a regional level for it is very important as the cost to deliver electricity from local generators to customers is significantly lower than the cost to deliver electricity from large remote power plants. The rule change provides incentives to increase the volume of local generation which means more jobs in rural areas, more resilience in terms of managing vulnerabilities in the energy market, reduced costs through lower network tariffs over the long term and most importantly less greenhouse gas emissions where local generation involves renewable energy.

Byron Shire Council are currently participating in one year ARENA project, with the Institute for Sustainable Futures (ISF), investigating local network charges and local electricity trading, due to finish in August 2016.

Our key concerns are outlined briefly below;

- The consultation timeframe should be adjusted to ensure that the AEMC and other stakeholders can take account of the results from the ISF project
- The assessment framework should be modified to include
 - Whether consumers should pay a reduced charge for partial use of the electricity network, and whether an LGNC is an implementation method
 - Whether and LGNC will help maintain utilisation of the distribution network, and the consequent effects on the long term costs for consumers
 - Potential incentives for inefficient duplication of network infrastructure under the current NER, including costs borne by parties other than network businesses
- A timeframe of 15 – 20 years should be used to assess the effects of an LGNC on network costs and on consumers, rather than a single regulatory period.



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We are in full support of the more detailed ISF submission to this rule change and are happy to provide further comments if nessecary.

Kind regards



Simon Richardson
MAYOR

