



13th August 2012

Mr Steven Graham
Chief Executive
Australian Energy Market Commission
PO Box A2449
Sydney South, NSW, 1235

Subject: National Electricity Amendment (Connecting Embedded Generators) Rule 2012, AEMC, 14th June 2012, Consultation Paper, Reference: ERC0147

Dear Steven,

In response to your consultation paper reference ERC0147, ISPT is pleased to provide this submission in support of the above mentioned proposed rule change.

The ISPT Core Fund is one of Australia's largest unlisted property funds and ISPT is considered one of Australia's leading property fund managers. Originally founded in 1994 as an unlisted property trust we now have property assets valued at \$7.8 billion owned by 23 industry superannuation funds. The Australian portfolio includes over 90 high quality investment and development properties across a diverse range of property sectors and locations.

As a property fund and one of Australia's largest landlord, we are committed to improving our environmental footprint and continue to proactively explore ways to improve our environmental performance across our portfolio in a cost effective manner as part of our fiduciary duties.

ISPT has recognised Embedded Generation is a form of proven technology which can reduce the greenhouse gas emissions of a property. However, the unknown costs and regulatory risks related to this technology outweigh the return on investment we require for all capital expenditure feasibilities.

We have looked at options to have Embedded Generation operate without connection to the network however the upfront capital expenditure substantially outweighs the ongoing operational costs savings and hence makes implementing this technology cost prohibitive.

The opportunity to design and install Embedded Generation systems into our properties is currently available. However, the regulatory requirements make it difficult to enable the excess supply of electricity generated by this technology to be supplied back into the network. By removing the regulatory uncertainty and risk associated with regulatory costs, the technology and its implementation may become more attractive to building owners.



SUPER PROPERTY

In the past we have identified issues and risks associated with Embedded Generation in the following areas:

- Lack of clarity on the definition of Embedded Generation and how Chapter 5 applies to medium scaled installations.
- Clearly defined process and terms to understand roles and responsibilities between stakeholders
- Clarity on technical information required to apply for connection to the network
- Clearly defined timeframes for response by distributor to applications
- Transparency regarding costs of augmentation to provide access to the distribution network
- Technical requirements which enables automatic right to export electricity to the network
- Processes to appeal should a application be rejected by a distributor

ISPT supports the Property Council of Australia's rule change request made to Australian Energy Market Commission to review Chapter 5 of the National Electricity Rules.

By removing ambiguity in Chapter 5, this will improve the engagement of property owners to consider adopting medium scale Embedded Generation systems as a commercially viable means of improving the environmental footprint of their property portfolios.

This will ensure that property funds like ISPT meet their corporate responsibilities to their investors by proactively investigating all technological means of environmental improvement in a cost effective manner.

Should you have any queries regarding this submission please do not hesitate to contact Christopher Chuah in our office in (03) 8601 6656 or cchuah@ispt.net.au.

Yours sincerely
ISPT Pty Ltd

Daryl Browning
Chief Executive Officer