

3 February 2016

Mr John Pierce  
Chair, Australian Energy Market Commission  
Level 6, 201 Elizabeth Street  
SYDNEY NSW 2000

Dear Mr Pierce

### **ERC0191: LOCAL GENERATION NETWORK CREDITS**

The Australian Sustainable Built Environment Council (ASBEC) welcomes the opportunity to comment on the rule change proposal regarding Local Generation Network Credits.

In 2014, ASBEC released a [Platform on Distributed Generation](#), outlining a set of recommendations to unlock the potential of distributed generation (or embedded generation) and ensure that its installation occurs in a way that delivers both short- and long term benefits to consumers.

The National Electricity Market (NEM) was designed around an electricity system predominantly made up of large generators in a small number of regions, backed by extensive transmission and distribution networks.

As such, existing rules, regulations, and technology have created many anticipated and unanticipated barriers to the uptake of distributed generation, including the inability to capture the full value created by distributed generation for energy users, networks and other parties.

ASBEC recommends that a long term process be commenced to deliver fair returns from distributed generation installations, including both energy and network values.

This would include reviewing the way that energy consumers and generators are charged for connecting to, and using the grid, and ensuring that distributed generation owners are rewarded for any benefits they deliver to networks.

The Local Generation Network Credits proposal would be a welcome move in providing incentives to small embedded generators. This also highlights the need to address larger embedded generators.

ASBEC encourages AEMC should undertake an extensive and detailed program of industry and stakeholder consultation on the rule change proposal.

Yours Sincerely



Suzanne Toumbourou  
**Executive Director**

