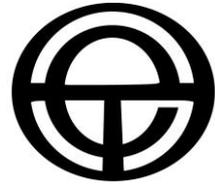


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Total Environment Centre

Submission to the AEMC

**Inclusion of Embedded Generation Research
into the DMIS**

Draft Rule

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TEC's Support for this Rule Change

TEC is broadly in support of any rule change that seeks to promote greater utilisation of supply-side solutions in the NEM. TEC has previously noted that excessive reliability standards are a factor in increasing infrastructure costs, and this is especially true in the context of embedded generators, where DNSPs have discretion in setting these standards. This is compounded by a generally complex connection process, which deters increased uptake in embedded generation.

TEC therefore supports this rule change, which seeks to improve the incentives for DNSPs to consider improved methods for the connection of embedded generators

In principle, this additional requirement upon the AER will increase the penetration of embedded generation in the NEM. However, TEC continues to be concerned that these small, piece-meal changes to the Rules do not rectify underlying systemic biases in the NEM that weigh heavily against non-network solutions to meeting electricity demand.

Barriers to DSP and Limitations of the DMIS

Despite stating its support for this rule change, TEC continues to doubt that the rule change will result in any noticeable increase in DSP. The three small changes to the rules currently being undertaken by the AEMC as a result of DSP2, including this one, address particular and minor barriers to demand side participation in the NEM. As such, these rule changes should not be regarded as a comprehensive response to the more substantive barriers that exist.

TEC remains concerned that demand side solutions continue to be prejudiced by an in-built preference for supply-side solutions. TEC shares these concerns with a number of commentators, including, *inter alia*, Professor Ross Garnaut and the Chairman of the AER, Andrew Reeves, as well as the numerous advocacy organisations that have repeatedly expressed these concerns.

TEC looks forward to further expounding these concerns in future AEMC processes and urges the AEMC to prioritise greater demand-side incentives as a matter of urgency.