



In reply please quote: D2016/013050
Enquiries to: Murray Dancey, Project Manager Energy Efficiency

February 4th 2016

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Sir / Madam,

ERC0191 (PROPOSED NATIONAL ELECTRICITY AMENDMENT (LOCAL GENERATION NETWORK CREDITS) RULE 2015)

Wannon Water thanks you for the opportunity to provide a submission on the proposed National Electricity Amendment (Local Generation Network Credits) Rule 2015.

Wannon Water (Wannon Region Water Corporation) is Victoria's second largest regional urban water corporation by service area and our service region extends over 24,500 square kilometres. Wannon Water supplies water and sewerage services to a permanent population of 79,000 people, including residential, commercial, industrial and rural customers.

Wannon Water is investigating opportunities to significantly benefit our customers through the local generation of renewable energy. As a large electricity consumer with more than 200 individual NMI assets, Wannon Water has an active interest in optimising its energy footprint. Disincentives involving local network charges are a barrier to more effective project development. For example, as part of our Portland Renewable Energy Project the existing rule provides a disincentive to optimise the project for effective distributed generation. With an effective rule change, Wannon Water would be incentivised to produce more distributed local generation, leading to lowered customer charges and supporting the local distribution network.

The water industry is a large user of energy and is working actively to develop novel local energy generation solutions for the benefit of consumers and to demonstrate leadership in adaptation to climate change. The sector has the potential to develop a significant distributed energy generation capacity, but the ability to pass benefits back to communities is strongly linked to innovation in the regulatory environment and particularly the rules regarding local networks.

Therefore, Wannon Water strongly supports the need for a rule change as proposed by the City of Sydney, Total Environment Centre and the Property Council of Australia.



Wannon Water provides the following points in relation to the AEMC Consultation Paper as issued 10 December 2015:

- The ISF/ARENA project “*Facilitating Local Network Charges and Virtual Net Metering*” which is in progress will provide critical information in relation to the proposed rule change. The project will finish in August 2016, and as such the timeline for the AEMC consultation process should be extended to enable the results of this nationally significant work to be incorporated.
- Wannon Water notes that the Institute of Sustainable Futures (ISF) has raised a number of technical concerns in its response to the AEMC Consultation Paper, and Wannon Water supports the ISF submission. Development of a draft rule is essential and, together with a revised assessment framework, should clearly reflect the intent of the proponent’s original submission.
- Wannon Water supports an extensive and detailed program of industry and stakeholder consultation prior to the release of a draft rule.

Wannon Water looks forward to participating in the stakeholder consultation process, the development of a draft rule determination and opportunity for further input as part of the subsequent public consultation process.

Yours sincerely



Simon Hermans
General Manager - Assets

