

Australian Energy Market Commission

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NORTHERN  
ALLIANCE FOR  
GREENHOUSE  
ACTION

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## National Electricity Amendment (Connecting embedded generators) Rule 2012

Thank you for the opportunity to make a submission on the proposed rule amendment. The regulatory and policy framework in which distributed generation operates needs to continue to evolve to recognise and capture the value of distributed generation; the proposed rule makes a critical contribution to this process.

The **Northern Alliance for Greenhouse Action (NAGA)** is an alliance of Moreland Energy Foundation and the councils spanning the northern metropolitan region of Melbourne from the CBD to the rural/urban fringe (see footer). The Alliance covers a quarter of Melbourne's population; the region spans major industrial, commercial, and residential areas, activities and types, as well as forests, agriculture, and water catchments on the urban fringe.

NAGA shares information, coordinates emission reduction and adaptation activities, and cooperates on the research and development of innovative projects. NAGA and its members have demonstrated significant climate change action innovation at the local government and regional level. NAGA is actively involved in implementing regional scale climate change projects and developing approaches to governance, project management and business cases to support this work.

NAGA supports the proposed rule amendment; this submission highlights the work that NAGA members have been undertaking to install embedded generators, as well as the challenges the NAGA members have faced in the process of installation.

NAGA members have been actively planning for installation of cogeneration at their facilities, including aquatic centres and civic offices (see attached). These installations are driven by councils' programs and targets to reduce energy use and energy costs, as well as emission reduction and climate change policies and targets.

NAGA members' experiences support the proposition outlined in the rule amendment submission by ClimateWorks Australia, Seed Advisory and the Property Council of Australia, that the current connection process is uncertain, complex, burdensome, time-consuming, inefficient and costly. In many of the projects listed in the attached table, NAGA members reported that negotiations with distribution businesses have been unclear and time-consuming.

NAGA members believe the process would be improved and facilitated with increased information and transparency on local grid capacity, response periods for connection applications and costs for fees and connections. These improvements would be delivered through the proposed rule changes that address:

- Connection process, and terms and conditions: including more prescriptive timeframes for distribution businesses' responses; publishing of standard information; and standard terms for embedded generation connections.

### MEMBER ORGANISATIONS

BANYULE CITY COUNCIL, HUME CITY COUNCIL, MANNINGHAM CITY COUNCIL, CITY OF MELBOURNE, MORELAND CITY COUNCIL, MORELAND ENERGY FOUNDATION LIMITED, NILLUMBIK SHIRE COUNCIL, CITY OF WHITTLESEA, CITY OF YARRA

- Technical requirements: automatic access standard, and right to export electricity to the grid.
- Connection and augmentation costs
- Other changes: publishing annual network reports, etc.

The proposed rule change will be effective in improving the process for connection of embedded generators to the national electricity grid and will as a result support and promote investment in this area, and the further cost-effective augmentation of the national electricity grid.

Please contact me if you would like to discuss any of these issues in more detail.

Yours sincerely

A handwritten signature in black ink, appearing to be 'JB' with a flourish underneath.

Judy Bush  
Executive Officer

*The views represented in this submission do not necessarily represent the views of all NAGA members individually.*

## NAGA members' experiences with planning and constructing cogeneration systems in council-owned facilities

The following table provides an overview of NAGA members' planning and implementation activity related to installation of cogeneration systems in council-owned facilities. As indicated, many councils are considering, or have already installed systems, particularly in recreation and leisure centres that include aquatic facilities. Most councils report that the discussion and negotiation process with distribution businesses is vague, uncertain, and time-consuming, and fees and connection costs are often not finalised until after the system has been designed and even tendered.

<b>Council</b>	<b>Facility type</b>	<b>Implementation status</b>	<b>Connection to grid</b>
<b>Banyule</b>	Aquatic Centre	Feasibility study complete Tender under consideration	To be operated in 'island mode'
<b>Darebin<sup>1</sup></b>	Leisure Centre	Feasibility study complete Tender documents in preparation Discussions with distribution business have been 'vague' and uncertain in terms of fees, and augmentation costs	Although the system has been designed for island mode, it will probably be operated as grid synchronised, but not export.
	Aquatic and Recreation Centre	Feasibility study complete Tender under evaluation. Discussions with distribution business have been 'vague' and uncertain in terms of connection process and costs	Although the system has been designed for island mode, it will probably be operated as grid synchronised, but not export.
<b>Hume</b>	Leisure Centre (including pool)	Initial feasibility study undertaken	
	Leisure Centre (including pool)	Feasibility study to be scoped	
<b>Manningham</b>	District Energy Services (x2)	Commercial Feasibility Studies to be undertaken	
	Community Centre, including civic offices and aquatic facility	Feasibility study completed	The system was designed for island mode, but will probably be operated as grid synchronised, but not export.
<b>Melbourne</b>	Civic offices	Feasibility study was undertaken	Grid connected
	Town Hall and surrounding Council buildings	Feasibility study proposed	
<b>Moreland</b>	Leisure Centre	Feasibility study proposed	
	Leisure Centre precinct	Feasibility study completed Under construction Negotiation with distribution business has been time-consuming, and uncertain in terms of connection process, costs and time required.	Grid synchronised (island mode not feasible and too expensive)

<sup>1</sup> Darebin City Council has currently suspended its membership until after Council elections in October 2012.

<b>Council</b>	<b>Facility type</b>	<b>Implementation status</b>	<b>Connection to grid</b>
	Leisure Centre	Feasibility study completed Under construction Negotiation with distribution business has been time-consuming, 'vague' and uncertain in terms of connection process, costs and time required.	Grid synchronised (island mode not feasible and too expensive)
<b>Nilumbik</b>	Leisure Centre	Feasibility study completed	
	Leisure Centre	Feasibility study proposed	
<b>Yarra</b>	Leisure Centre	Construction commencing	Grid synchronised, but not export
	Leisure Centre	Construction underway	Island mode
	Leisure Centre	Feasibility study underway Negotiations with distribution businesses have been unclear	Will be grid synchronised, may include export to grid