



Lvl 6, 60 Marcus Clarke St.
Postal: GPO Box 1301
Canberra ACT 2601
ABN: 83 113 331 623

Tel: 02 6243 5191
Fax: 02 6243 5143
www.ngf.com.au

21 August 2009

Dr John Tamblyn,
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear John,

Review of national framework for electricity distribution network planning and expansion - AEMC reference EPR0015

The National Generators Forum (NGF) is pleased to provide some brief comments in response to the AEMC's Draft Report.

We are generally very supportive of the recommendations contained within the draft report. In particular we agree with the need for a nationally consistent approach to planning and investment in distribution networks, and improved arrangements for joint planning between TNSPs and DNSPs given the increasing number of investments that are jointly planned.

Further we support the development of a more transparent and comprehensive Distribution Annual Planning Report (DAPR), which provides more useful information for use by embedded generation and other non-network alternatives. Combined with the proposed new Demand Side Engagement Strategy these arrangements will help support climate change policy objectives.

In this regard we are surprised that the proposed new RIT-D provides greater discretion to distributors to exclude consideration of market benefits compared with the RIT-T. While previously market benefits may have been of less material consequence in consideration of distribution related investments, this is likely to change under climate change policies, where embedded generation options in many circumstances will have environmental benefits as well as avoided transmission benefits. Configuring the distribution network to connect such generation options may therefore confer market benefits.

Consequently the NGF considers the assessment process for market benefits should be the same under the RIT-D and the RIT. Such consistency would also benefit joint planning of transmission, avoiding potential shifting of transmission related investment into a less rigorous assessment process.

Finally, we note that in its current review of energy market frameworks that the AEMC has proposed a new cost and revenue treatment for connections out to remote areas. While opinion within the NGF differs with regard to the viability and need for such an approach, it is important that if it is introduced that it is consistent with distribution investment arrangements. It is likely that in some circumstances it may be more efficient for generators taking advantage of this new approach to connect into the distribution network rather than the transmission network.

Please contact me on 03 8633 6026, or by email to acruicks@agl.com.au, if you wish to discuss any aspect of this submission.

Yours faithfully,



Alex Cruickshank
Chair, Market Working Group