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Mark Johnston
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By email: mark.johnston@aemo.com.au

Dear Mark

Re: AEMO Small Generator Framework Design Principles Consultation

The Clean Energy Council (CEC) is the peak body representing Australia's clean energy and energy efficiency industries.

Its priorities are to:

- create the optimal conditions in Australia to stimulate investment in the development and deployment of world's best clean energy technologies;
- develop effective legislation and regulation to reduce energy demand and improve its efficient use; and
- work to reduce costs and remove all other barriers to accessing clean energy.

The CEC works with members and the government to identify and address the barriers to efficient industry development in the stationary energy sector.

The clean energy industry and its members contribute to the generation of electricity using wind, hydro, solar, biomass, geothermal and ocean energy as well as the emerging technologies and service providers in the energy efficiency sector including solar hot water and cogeneration.

The CEC welcomes AEMO's recognition of potential benefits from increased participation of small generators in the NEM.

Registration

Principle #1:

The small generator framework should separate the registration of the frMP for a small generating system from the classification of each individual small generating system to facilitate the role of third parties in managing small generators.

The CEC agrees that registration should be a simple process that will create a single market which will allow small generators to participate easily. For generators who have already existing generator units connected and are connecting a similar generator, they should be able to build on the existing application.

Principle #2:

Subject to Principle #1, the classification process for small generator systems should be streamlined and simplified to facilitate the role of third parties in managing small generators and minimise the transaction costs for small generators participating in the NEM.

It is important that third parties are able to participate in this process and have a streamlined process for the transaction costs to be minimal to small generators. It is also important that the small generators have a choice in these processes. The CEC recommends that AEMO considers the option of allowing small generators to be treated as connection points for market customers which will allow them to easily transfer using MSATs.

Principle #3:

Subject to Principle #1 and #2, the registration fees levied by AEMO on small generator applicants should reflect the cost of processing small generator applications.

Yes, this is important. Especially if this might be vary from different small generator applications. The cost of processing applications should not be related to the size of the small generators (either MW or MWh). Instead this fee should be as small as possible and should reflect costs involved. Registration of multiple similar generation units should incur lower charges due to the reduced workload.

Metering and Settlements

Principle #4:

In conjunction with Principle #5 and #6, AEMO should explore the extent to which metering roles and responsibilities in gross metering configurations can support competitive market arrangements.

Principle #5:

In conjunction with Principle #4 and #6, a nationally-consistent framework for the use of parent-child metering configurations in small generation sites should be created to differentiate them from current embedded network guidelines and procedures.

Principle #6:

AEMO should work with the AER to ensure an appropriate, relevant and consistent approach, where possible, to the review of the exempt network framework.

Frameworks developed for the use of small generators that are different from current embedded network guidelines and procedures should be simple and take into account the ORER requirements.

Many small scale generators (such as some hydro and bioenergy generators) are subject to fuel restrictions that limit their generation to certain periods of the year. These seasonal limits on generation must be reflected in the ongoing fees and costs so that they are not charged a disproportional amount when they are unable to generate. Costs should be reflective of the number of generation units as per comment under Principle #3. Market participation with respect to the costs that are paid regarding ancillary services and the share of cause pays should be reflected in the amount of generation expected from the small generator.

Principle #7:

A simplified, standardised approach to the calculation of intra-site DLFs for small generators in exempt networks should be developed to facilitate the settlement of small generators.

The CEC supports a simplified standardised approach as outlined in this Principle to ensure that development to facilitate the settlement of small generators is not hindered if such calculations are required. The CEC recommends that where small generators have a MLF these standardised calculations should be aligned with the ORER requirements.

Principle #8:

In conjunction with Principle #2, #4, and #5, AEMO should enable the collection of appropriate connection point standing data for small generators in MSATS in order to, where necessary, more accurately forecast the effect of small generators on the NEM, ensure the integrity of NEM participant fee recovery and facilitate connection point transfers.

Data collection should be simple and not require small generators to have additional administration requirements imposed on them which would complicate and thus hinder the application of these Principles.

Principle #9:

In conjunction with Principle #2, #4, #5 and #8, AEMO should facilitate the transfer of financial responsibility for small generators between market participants using the MSATS system and associated processes and procedures to facilitate competition in the small generator sector.

The CEC supports this Principle as it will allow owners of small generators to change retailers through MSATs if desired.

Operations

Principle #10:

In conjunction with Principle #2, #4, #5, #8 and #9, AEMO should allow the aggregation of small generators in AEMO's systems and processes to enable groups of small generators to offer market ancillary services.

The CEC believes that small generators less than 5MW should be exempt from the cost of causer pays or the need to provide scada data. The CEC supports the aggregation of small generators to provide market ancillary services. To this effect, the aggregator providing the market ancillary service would need to provide the required information in order for a market ancillary service to be offered. But a single small generator who is looking to participate in the energy market only should remain exempt from ancillary services market costs.

Additional

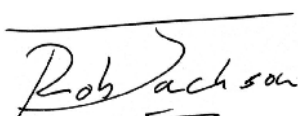
Principle #11:

AEMO should develop an information resource for small generators to improve stakeholder understanding of the opportunities and requirements for small generator participation in the NEM.

Absolutely. The CEC has several information booklets which were written during 2004 by the former BCSE. These could be updated and form a part of this information package for small generators. Please refer to the attached documents.

We look forward to continuing to work with AEMO on developing this discussion paper and the benefits that will arise from initiating this consultation process. Please contact Rob Jackson (rjackson@cleanenergycouncil.org.au) or 03 9929 4100 for more information regarding the content of this submission.

Yours sincerely



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