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Comment on 2006 Legislative Package: Information Disclosure Regulatory Impact Statement

The Alternative Technology Association (ATA) welcomes the opportunity to provide comment on the *2006 Legislative Package – Regulatory Impact Statement on the Form of Regulation, Pricing Principles, Information Disclosure and Regulatory Decision-making*.

ATA is a not-for-profit organisation established in 1980 to promote the uptake of sustainable technologies in order to protect our environment. The organisation provides service to over 3000 members, who are actively promoting sustainability in their own homes by using good building design and implementing water conservation and renewable energy technologies. ATA advocates in both the government and industry arena for ease of access and continual improvement of these technologies, as well as the production and promotion of information and products needed to change the way we live.

ATA is encouraged by the Expert Panel's concern surrounding the present level of information disclosure and potential impact on the efficiency of decision-making, and the desire to create more efficient network pricing arrangements.

Benefits of Greater Information Disclosure

As outlined in the Information Disclosure Regulatory Impact Statement (RIS), with network expenditure in the order of \$35 billion over the 5-year regulatory period, the significance of accurately and efficiently conducting network revenue determinations is obvious. Indeed, with network charges comprising between 50% and 60% of consumer bills, price determinations have significant impacts on prices paid by all retail customers for energy services. Given these factors, the benefits of full and accurate information disclosure for regulators making price determinations are obvious.

Further, greater transparency and increased information provision will enhance the ability for demand-side solutions to network or generation constraint. ATA believes that, in many cases, the targeted application of embedded generation, demand-side response initiatives, energy efficiency and other demand management solutions have the ability to more efficiently address supply constraint than merely increasing generation and/or network capacity. An essential ingredient in encouraging embedded generation or demand management solutions is the provision of accurate information on the range of potential costs saved, and a mechanism for recovering these costs.

The application of embedded generation has a number of advantages over traditional large-scale remote electricity production, including the ability to be located in strategic locations where significant constraint exists to assist in avoiding expensive network augmentation, reduced transmission losses through proximity to demand, improved supply reliability through generation diversity, and greater individual and community control over energy sources.

Additionally, a range of demand management initiatives are available to provide cost-effective mechanisms to reduce network constraints, with the additional benefits of reducing overall consumption and thus leading to a reduction of greenhouse gas emissions from non-renewable generation forms.

The provision of greater levels of transparent information on network revenue determinations and regulated asset bases is essential for enhancing the ability of non-network solutions to system constraint. It is essential that these greater levels of information are available not only to regulators in order to conduct price determinations, but also that this information is made publicly available to allow for greater planning certainty for proponents of demand-side initiatives and embedded generation.

Information disclosure needs to be combined with a mechanism for the recovery of these costs for proponents of demand-side and embedded generation solutions to network constraint. It is important that such a mechanism be transparent, considered and available to network providers and independent operators / proponents. Without increased information disclosure such a scheme would not be possible.

Preferred Options

ATA supports Options 3 as the most appropriate means of achieving greater levels of information disclosure from network service providers. The standardisation of information disclosure requirements for networks operators and their associates will and increased certainty for the industry.

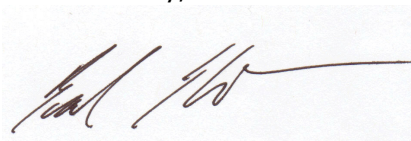
Whilst recognising ATA believes that Option 4 has the potential to place unnecessary burdens on small-scale operators such as embedded networks and proponents of demand-side alternatives to network augmentation, such as demand-side response initiatives and embedded generation. There would be little gained from the potential of placing undue burden on small-scale operators that could potentially arise from the propositions outlined in Option 4, considering their small-scale relative to network service providers.

Options 1 and 2 fail to provide the increased levels of information required to achieve the fore-mentioned benefits to the industry.

Further Contact

ATA would welcome the opportunity to discuss any aspect of this submission. Please direct any questions or further correspondence to Brad Shone, Energy Policy Manager, on 9631 5406 or Brad.Shone@ata.org.au

Yours sincerely,



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ATA