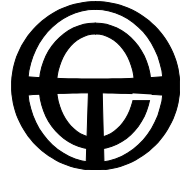


TOTAL ENVIRONMENT CENTRE INC.

LEVEL 4, 78 LIVERPOOL STREET, SYDNEY, NSW 2000
PO BOX A176, SYDNEY SOUTH 1235
Ph 02 9261 3437 Fax 02 9261 3990



18 July 2007

Manager
MCE Secretariat
Department of Industry, Tourism and Resources
GPO Box 9839
Canberra 2601
Email MCETMarketReform@industry.gov.au

Dear MCE Secretariat,

Re: Composite Consultation Paper – RPWG

Total Environment Centre (TEC) appreciates the opportunity to participate once again in the development of a National Framework for Distribution and Retail Regulation. The opportunities to discuss details with staff from the Retail Energy Team at the Department of Industry, Tourism and Resources were also very valuable.

TEC has participated in a joint response to completing the table of Recommendations and Comments developed by Allens Arthur Robinson, with other non-government organisations (NGOs) including the Consumer Utilities Advocacy Centre (CUAC), the Consumer Action Law Centre (CALC), the Alternative Technology Association (ATA) and the Australian Council of Social Services (ACOSS). We have attached a copy of the table.

There are two issues we wish to raise in this letter, that is, the treatment of embedded generation and of the National Electricity Market Objective.

Embedded generation

The main drawback from our perception is the lack of clarity about the relationship between the existing Rules, the draft "Code of Practice for Embedded Generation" and the recommendations in this Paper. There appear to be a number of Ministerial Council on Energy (MCE) processes which deal with arrangements for distributed/embedded generation and it has become increasingly difficult to ascertain how they all inter-relate.

The national processes and Issues Papers that relate to this subject – to our knowledge – and which TEC has participated in (as solo agent or with other NGOs) are:

- The Renewable and Distributed Generation Working Group (RDGWG) commissioned PB Associates to produce a draft national “Code of Practice for Embedded Generation” (February 2006).
- The RDGWG also produced a paper on the “Impediments to the Uptake of Renewable and Distributed Energy” (February 2006).
- The MCE commissioned NERA Economic Consultancy to produce an issues paper on “Network Incentives for Demand Side Response and Distributed Generation” (April 2007).
- In the same process, NERA produced reports regarding draft Rules for distribution network service providers (April 2007).
- The House of Representatives Standing Committee on Industry and Resources is undertaking a “Case study into selected renewable energy sectors” (June 2007).

In a joint submission with other members of the Climate Action Network of Australia (including ATA), TEC recommended that many of the provisions of the draft COPEG should be elevated to the status of Rules.

There are many overlaps between these processes, as well as the recommendations from AAR in the composite paper. There is a great deal of uncertainty regarding investment in alternative forms of energy already, and the proliferation of processes – although a welcome sign of interest – is adding to this uncertainty. This is exacerbated by the apparent lack of knowledge within each process of the results (or status) of the other processes. We therefore seek clarification of how the MCE will deal with these duplications and any potential conflict between findings.

NEM Objective

The issue of the inadequacy of the NEM Objective in meeting environmental and social concerns has been addressed a number of times in this process, and is canvassed again in the Composite Paper. Recommendation 85 sums up Allens Arthur Robinson’s opinion that there is “no need to amend the statutory objectives”, which TEC does not support. We will not revisit the issue here, but we have attached a declaration about the need for environmental and social objectives, “Power for the People”. The declaration’s signatories include a range of non-government organisations, including ourselves, CUAC, ACROSS and St Vincent de Paul.

If you have any queries about this submission, please contact Glyn Mather on 02 9261 3437 or email glyn.mather@tec.org.au

Yours faithfully,



Jeff Angel
Executive Director