



Submission by  
**Renewable Newstead**  
on the  
**Local Generation Network Credit  
Rule Change Proposal**

**ERC0191**

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**For more information contact:**

Dr David Stratton  
Renewable Newstead  
davidhughstratton@gmail.com  
0428310825

Renewable Newstead welcomes this opportunity to make a brief submission to the AEMC to the Local Generation Network Credit rule change proposal.

Newstead is a small town in Central Victoria with a population of about 1500 in the town and nearby localities. Renewable Newstead was founded in 2010 with the goal of transitioning the settlement and surrounding area to power derived from renewable sources.

Extensive initial work from the energy efficiency point of view has lead on to a Sate Government Grant of \$200,000 for a project that focuses on engagement with our LNSP, Powercor, to develop a business model that will facilitate the renewable transition. At this stage Renewable Newstead and Powercor have signed a Memorandum of Understanding.

Our engagement with Powercor means that we have a very natural interest in the Local Generation Network Credit proposal.

Local (embedded) generation, whether on customer premises or at dedicated sites has the potential, over time, to dramatically alter the scale and nature of investment in the distribution and transmission networks.

The LGNC proposal clearly sets out to metricate, and pass on to generators of all scales, the savings in the long term that arise from lower investment and potentially maintenance costs on the part of DNSPs. It is a moot point whether a corresponding scheme needs to be applied to the activities of the TNSPs as well – perhaps a Local Generation Transmission Credit?

The interest in this proposal from the point of view of Renewable Newstead falls into three distinct areas.

### **Embedded generation on premises**

Chiefly this is in the form of rooftop PV. In the Newstead locality, as defined by the 3462 postcode, CEC data shows almost 400kW of such installations. If a wider geographical area is considered, governed perhaps by the layout of the 22kV network, this could be heading towards 20MW.

It is very clearly in the interests of those customers, most particularly as on site storage and grid defection increase, for feed in tariffs to accurately reflect the distribution and transmission savings that derive from this distributed generation. The LGNC proposal offers this.

### **Dedicated embedded generation**

The transition of individual communities or regions to renewable energy will almost definitely depend on the establishment of a great variety of medium scale generation facilities. The medium to long term global future is one where a diminishing proportion of power will be generated and transmitted from GW scale plants.

In the absence of rules that account for the saved transmission and distribution costs the operators of medium scale embedded generators face a financial impediment that makes the sector less attractive from the purely commercial point of view. The LGNC proposal has the potential to rectify this. Over the long term it should result in

a profound shift in the centre of gravity in the Australian economy – away from very large centralised power plants and the associated transmission and distribution infrastructure and towards medium scale generation based on a variety of pre-distributed sources.

## **Consumers**

In the first instance LGNC changes do not directly financially benefit consumers. The immediate financial benefit is to generators. Deferred network expenditure is deliberately designed to flow to generators according to the rationale described above.

However the stabilisation of power prices that should in the long term arise will certainly favour consumers. In recent years consumers have been suffering increasing power bill stress. A quite rational response to this stress has been the rising momentum of grid defection and the LGNC proposal has the potential to minimise that change.

This advantage to consumers applies regardless of whether they generate or not. As described above those who do feed in would be doubly advantaged – a further incentive to rooftop generation.

Please feel free to contact David Stratton on 0428310825,  
davidhughstratton@gmail.com

A handwritten signature in black ink that reads "David Stratton". The signature is written in a cursive, flowing style with a small flourish at the end.