**TOTAL ENVIRONMENT CENTRE INC.**

National Electricity Market Campaign

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Submission to the AER

**RIT-D Guidelines**

May 2013

# Total Environment Centre’s National Electricity Market Advocacy

Established in 1972 by pioneers of the Australian environmental movement, Total Environment Centre (TEC) is a veteran of more than 100 successful campaigns. For nearly 40 years, we have been working to protect this country's natural and urban environment, flagging the issues, driving debate, supporting community activism and pushing for better environmental policy and practice.

TEC has been involved in National Electricity Market (NEM) advocacy for ten years, arguing above all for greater utilisation of demand side participation — energy conservation and efficiency, demand management and decentralised generation — to meet Australia’s electricity needs. By reforming the NEM we are working to contribute to climate change mitigation and improve other environmental outcomes of Australia's energy sector, while also constraining retail prices and improving the economic efficiency of the NEM — all in the long term interest of consumers, pursuant to the National Electricity Objective (NEO).

# RIT-D

TEC appreciates the opportunity to make a submission to the AER regarding its proposed RIT-D Guidelines. TEC has previously expressed concern that, while it is certainly a significant improvement on the previous regulatory test, the RIT-D remains an inadequate effort to introduce greater accountability into DNSP infrastructure spending. We reiterate that either a merits assessment of network proposals by the AER, or an independent tendering process for both network and demand-side solutions to supply constraints, would produce better outcomes for consumers. By contrast, the RIT-D leaves the networks as the gatekeepers of new investment and constrains the AER’s role to that of administrator.

## Demand Side Engagement Register

At present, the guidelines on the demand side engagement register are not sufficiently detailed. There is insufficient detail regarding how the AER will ensure that DNSPs keep such a register, that it is consulted, and that demand management (DM) proponents are engaged in DNSP investment decision-making.

The AER should require that DNSPs ensure that DM and other demand-side providers can be included on such registers. DNSPs should also be required to take certain steps, such as advertising proposals in major regional newspapers, to notify potential DM proponents and others of proposals. The AER can provide guidance to this effect either in the RIT-D Guidelines or through the consumer engagement guidelines.

## Grounds for complaint/interested parties

As we have previously stated, defining impacts as being solely within the NEM shuts out anything non-central to the pursuit of the lowest short-run marginal cost, leaving it to be dealt with by other regulatory frameworks rather than taking a holistic view. While we understand that the AER is bound by the narrow definition of interested parties in the Rules, we feel that this highlights the fact that the RIT-D is deficient. Given the large-scale nature of the investments undertaken by DNSPs, and the wide-reaching impacts that these investments can have, consultation should be as broad and comprehensive as possible, encompassing non-directly affected interest groups, personally affected landowners, and local communities. The exclusion of personal detriment and externalities as grounds for complaint means that local groups affected by a proposal, and environmental groups interested in the wider implications of NEM decisions, are not able to challenge the proposal or hold the NSP to account.

In the absence of personal detriment being considered an externality to the RIT-D process, networks should be prevented from beginning negotiations for easements and purchases during and even following the completion of the relevant RIT-D process, until such time as full state or territory planning and environmental approvals have been obtained. In other words, it is illogical and unfair for landowner concerns to be disregarded on the grounds that these are dealt with elsewhere, but then for networks to begin negotiations and on-ground works such as surveying on the basis of having completed the RIT-D.

Yours sincerely,



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