



Tuesday, 18 September, 2012

Committee Secretary
Senate Select Committee on Electricity Prices
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Parliament House
Canberra ACT 2600

By email: electricityprices.sen@aph.gov.au

Senate Select Committee on Electricity Prices

The Property Council welcomes the opportunity to comment on the Committee's inquiry into electricity prices.

The Property Council of Australia comprises the leading developers, financiers, owners and managers of investment property in Australia. Our members currently own more than \$670 billion of domestic assets.

In addition, our members include all the major construction, professional and trade services suppliers working within the property sector.

The Property Council strongly supports the use of embedded generation technologies to:

- improve the efficiency of electricity generation;
- reduce carbon emissions; and,
- ensure ongoing cost savings in electricity generation.

The Property Council, in conjunction with ClimateWorks and Seed Advisory, have released the attached report – *Unlocking the Barriers to Cogeneration* – that:

- identifies the benefits of tested cogeneration technology;
- The report also explores barriers to wider take-up, based on the hard evidence of multiple case studies; and,
- offers an action plan for realising green grid dividends.

The case for embedded generation

Unlocking the Barriers to Cogeneration shows this readily available technology is 80% more energy efficient than conventional energy sources and yields 60% less carbon emissions.

The CSIRO has previously reported that green grid technologies can abate up to 18 megatons of carbon emissions by 2020 and 40 megatons by 2030.

They found the cost savings of these technologies could be \$130 billion (in today's dollars) by 2050.

In addition, the Prime Minister's Task Group on Energy Efficiency identifies these precinct-based technologies as critical complements to a carbon price.

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What's in the way?

The main barriers to mainstream adoption of cogeneration are:

- an inefficient connection process that is costly and time-consuming, due to outmoded case-by-case assessments characterised by unclear rules and standards;
- the absence of clear guidelines about the roles and responsibilities of distribution network service providers; and,
- a bias against multi-site, precinct-level cogeneration plant and systems.

At present, property owners who wish to install and share the benefits of cogeneration are hugely frustrated by approval processes and regulatory regimes that block them at every turn.

Unlocking the Barriers to Cogeneration proposes a suite of practical solutions to these problems, including:

- A national, standardised connection process
- Automatic connection rights
- Practical, district-level licensing frameworks.

A rule change proposal (attached) has been submitted to the Australian Energy Market Commission seeking these important changes to the market structure.

The importance of feed-in tariffs

In addition, the Property Council calls for rational feed-in tariffs.

Such tariffs reimburse building owners for the increasingly renewable energy they feed back to the brown grid.

Overseas experience shows that feed-in schemes:

- increase the use of renewable energy;
- reduce greenhouse gas emissions; and,
- relieve pressure on the traditional electricity grid.

They can also create green jobs and increase public awareness of green technology.

It is important that feed-in schemes are big enough in scope, which is why they should include both domestic households and all commercial property types.

Feed-in schemes must also run long enough to provide property owners with the confidence that they'll receive a return on their investment.

Finally, feed-in schemes should be flexible enough to accommodate tested and emerging technologies in addition to cogeneration.

The Property Council is keen to work with government to ensure that we remove the barriers to more efficient electricity generation.

Please feel free to contact Jane Macnamara on 02 9033 1983 if you require any further information.

***Property Council of Australia
September 2012***