

20th January, 2006



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Dear Gavin

RE: Submission – Econnect Draft study: Maximising the Penetration of Intermittent Generation in the SWIS

The Western Australian Sustainable Energy Association (**WA SEA**) Inc. welcomes the opportunity to comment on the Econnect: Maximising the Penetration of Intermittent Generation in the SWIS Draft Study. The Association strongly supports the development of policy and technical frameworks that aim to grow the SWIS in a manner that minimises the cost of renewable energy generation now and into the future and maximises the amount of renewable energy that can be accommodated.

Societal expectations towards a growing role for renewable energy and the benefits that renewable fuels bring to the supply side through a diversification of electricity sources, price stability and security of supply ensure renewable energy is worthy of support and consideration.

It is WA SEA Inc's belief that the full potential of our fossil fuel resource is realised when it is used to support the development and delivery of low cost renewable energy.

WA SEA Inc's particular interest in the Draft Study is that it:

- is consistent with our previously stated view that there need not be significant technical, financial or system security implications for a significantly increased presence of intermittent renewable energy on the SWIS;
- highlights current impediments imposed at the regulatory and electricity system management level which have a significant negative impact on the development of intermittent renewable energy projects;
- successfully counters a number of key negative assertions about the impact of increased intermittent generation on the SWIS; and
- provides cost effective and appropriate recommendations for change to enable the SWIS to be developed so as to cater for an increased number of renewable energy generators.

Mission:

'On behalf of the people of Western Australia, the Association will vigorously promote the development and adoption of sustainable energy so that by the end of this decade, 30% of the State's fossil fuel use is displaced by sustainable energy practices.'

The Draft Study concludes that ‘the SWIS has the scope to accommodate significant renewable generation capacity beyond that currently installed and under development providing adequate policy and systems are put in place to avoid the difficulties, uncertainties, disruptions and additional costs of renewable energy development’. Essentially the Draft Study confirms that WA SEA Inc’s vision for a significant increase in the amount of renewable energy on the SWIS is technically achievable with minimal costs impacts for users, if appropriate policy decisions are made.

The 20/2 Proposition: Technical, Financial and System Security Considerations

The clear proposition advanced by the Draft Study is that although there are likely to be technical, financial and system security issues associated with an increase in intermittent renewable energy generation on the SWIS, in most instances these issues will only have a material impact when intermittent generation penetration approaches 20 percent. At such penetration (and higher in some circumstances) the cost of accommodating intermittent generation is low (around 2 percent of the retail cost of electricity).

The Draft Study recognises that if intermittent generators are properly sited, system wide impacts and costs can be minimised with material network augmentation only being required as penetration reaches a relatively high level.

Importantly, the Draft Study does not conclude that significant conventional generation will necessarily be required to provide support for increased levels of intermittent generation.

Current Impediments to Further Development of Intermittent Renewable Projects

The Draft Study outlines a number of existing issues which constitute impediments to the increased penetration of intermittent generation in the State. These include:

- information availability; and
- site specific (planning) issues.

The authors also note that fault recovery requirements can impose a large burden on project proponents. In our experience, this is a significant issue for project proponents with the current standards imposing a heavy compliance burden. The authors note that where too stringent a requirement is imposed, by itself this can affect the commercial viability of projects. We agree that for smaller projects, these requirements may certainly affect viability. The Draft Study also notes that the Interim Technical Code imposes strict requirements that exceed those of comparable international jurisdictions.

Further Study Required

WA SEA Inc. is supportive of the Draft Study and its conclusions, however it believes that it could be more comprehensive in dealing with the other forms of intermittent renewable energy mentioned (eg. solar) and their benefits (such as peak load assistance).

Finally, WA SEA Inc. would also like to see the Draft Study analyse the various incentive mechanisms (eg. renewable targets and feed in tariffs) that could be used to increase the level of penetration or renewable energy into the SWIS.

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Conclusions

Western Australia is one of the most greenhouse intensive economies in the world and as such there is a great need for clean and renewable electricity that is also reliable and cost effective. The Draft Study provides a strong case for a significant increase in the amount of intermittent renewable energy on the SWIS which achieves those goals.

If you have any questions regarding this submission, please contact Matthew Rosser on (08) 9328 8411.

Yours sincerely



Matthew Rosser
Chair
Western Australian Sustainable Energy Association (WA SEA) Inc.

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