



MARCHMENT HILL

- consulting -

CEC: Future-Proofing in Australia's Electricity Distribution Industry (FPDI): Review of Policies and Incentives and Advice on Policy Responses

the challenge

Small-scale distributed electrical generation, demand-side management (DSM) and storage are playing an increasingly important role in our energy mix. These new technologies represent a new future for distribution networks, and the broader electricity industry. Their proliferation within the incumbent system is changing the context of current policy settings, and may be leading to significant lost opportunities. To address this challenge, the CEC, under the FPDI program have scoped a review and critical evaluation of Australian policies and incentives to determine how best to address challenges ahead.

what Marchment Hill did

MHC were engaged to undertake a review of the current market conditions in Australia and why they may be problematic to increasing the uptake of renewable energy and emerging technologies such as embedded generation and DSM. MHC undertook an extensive literature review and interviewed 43 key industry stakeholders to:

- identify the issues in the current policy framework
- understand the consequences of current policy settings on the electricity sector
- understand what would the industry like to see happen differently and what solutions are proposed

MHC, in collaboration with VassaETT (a global energy think-tank) also developed case studies from international energy markets highlighting various policies and incentives for consideration. MHC then summarised these findings along with recommendations for policy options to address some of the key issues impacting the uptake of these technologies. These findings and recommendations were discussed and debated amongst industry representatives on the FPDI Steering Committee. The report is now publically available online by via the CEC website.

<http://fpdi.cleanenergycouncil.org.au/reports/review-of-policies-and-incentives.html>

the benefit

This review provides the industry with insights into the suitability of, and potential for improvement in, policy settings that affect market participants, DNSPs, demand-side technology proponents, and

customers. The review presents the commercial requirements, incentives, and risks faced by market participants, and comparable environments overseas and the arrangements that are in place there. Additionally, MHC provided a number recommendations for the adoption of successful and/or components of successful policies from around the world and recommendations improving the policies and incentivises for Future-Proofing in Australia's Electricity Distribution Industry.