



The Electric Energy Society of Australia

www.eesa.asn.au

National Conference News

Electricity 2008 - Stepping up to the Challenge

*EESA National Conference & Trade Exhibition
Thursday 21 to Friday 22 August
Hilton Hotel, Brisbane*

This years national conference is stepping up to the challenge to provide an exciting mix of innovative and practical solutions to Australia's growing demand on our energy supply and networks.

The conference program is now available and EESA is delighted to announce two of our keynote speakers, Professor Elizabeth Taylor AO, Pro Vice-Chancellor and Executive Dean Faculty of Sciences, Engineering & Health, Central Queensland University and Professor Paul Hardisty, Global Director of Sustainability and Economics TM, for WorleyParsons, with more speakers to be announced shortly.

The conference program will showcase some solutions to Australia's skill shortages, overcoming the issues relating to ageing networks and equipment as well as introducing the new challenges of clean coal technologies and government actions to providing solutions to the growing environmental challenge.

The response from the call for papers was well received and this made the task of selecting papers difficult with the conference committee having to make some "executive decisions" on the program structure. We are confident that the program has something for everyone.

We also have fantastic level of interest from organisations wishing to be involved this year's conference and this is exceeding expectations. We are on track to fill our exhibition stands as well as adding in extras exhibitors. With Energex and Ergon Energy as our Major Sponsors this conference will be an exciting one to attend.

So don't delay in registering to attend this year's conference to be a part of an exciting line up of speakers and organisations showcasing their latest products and services. To register all you need to do is visit the conference website at

www.eesa.iamevents.com.au

where you can download the registration form as well registering online. Alternatively, please call the conference managers on 073834 3333.

New EESA Website

EESA has launched the new website!

To check it out click on the link below:

www.eesa.asn.au

We hope this will keep members up-to-date with news and current events relating to the industry.

EESA Constitution

**Changes to EESA and its Constitution
- have your say!**

In the next EESA Bulletin you will find information on voting for constitutional changes at the AGM in Brisbane on 22 August, and also proxy voting forms. There will also be a call for nomination to the National Committee from any interested members.

In this issue...

National Conference News.....	1
Industry News	2/3
General news	4
Nominations for John Monash Medal.....	4

bulletin 2/08 April - May 2008

The Electric Energy Society of Australia

News and Issues from around the Industry...

by John Thomson

Energy Users Association Urging NSW Government to Lease Five NSW Generators

At a recent briefing breakfast hosted by the Energy Users Association of Australia (EUA) and attended by around 150 people, the EUA lobbied hard for the proposed privatisation of NSW generators to be based on further disaggregation of the existing three NSW generating companies into five, in order to enhance competition. In a response the NSW Treasurer, Michael Costa appeared to reject this proposal on the basis that the market would subsequently re-aggregate these generators in any event. The Treasurer also raised concerns about the proposed 80% reduction in greenhouse gas emissions by 2050, expressing a personal preference for a 60% target, and noted that transition processes were vital to the success of climate change policy.

New Index Measures the Surge in North American Power Sector Construction Costs

Recent submissions to the AER in relation to 5-year regulatory determinations have been highlighting the anticipated upward pressure on prices arising from the enormous capital works programs to be undertaken across almost all States. Interestingly, a new US formulated Power Capital Cost Index (PCCI) suggests the cost of new power plant construction has increased 27% in the past 12 months, and 19% in the past six 6 months, alone. The PCCI tracks the cost of building coal, gas, wind, and nuclear plants indexed to the year 2000. It is a proprietary measure of project cost inflation providing a benchmark for comparing costs around the world. The index claims that a US plant that would have cost \$US 1bn in 2000, would, on average cost \$US2.31bn today. The report notes that "Although the PCCI has been on an upward trend since 2000, a surge that began in 2005 has pushed costs up 76 per cent in the past three years."

Distribution Network Service Providers (DNSP) Guidelines Forum

On 1 April 2008 the AER released a package of proposed national guidelines, models and schemes for electricity distribution regulation, as part of its new role in the national regulation of electricity distribution networks which commenced on 1 January 2008. The guidelines, models and schemes, and accompanying papers, are available on the AER's website at <http://www.aer.gov.au/content/index.phtml/itemId/718193>.

Interested parties have been invited to make submissions to the AER by 14 May 2008. Submissions will be published on the AER's website.

The proposed regulatory arrangements incorporate: the post-tax revenue model, the roll-forward model, an efficiency benefit sharing scheme, a service target performance incentive scheme, and cost allocation guidelines. According to AER Chairman Steve Edwell "the proposed regulatory arrangements are intended to provide greater certainty and clarity to both regulated businesses and other interested parties on how the AER will regulate the pricing and revenues of distribution businesses under a national framework." Edwell also stated that the incentive schemes in particular have been designed to provide some degree of flexibility in how the distribution businesses would be regulated to take account of the differing nature of distribution regulation which has been applied to date in individual State jurisdictions. Nonetheless the AER expects that a more consistent approach to regulation will ultimately evolve.

As part of the consultation process, the AER hosted a forum in Melbourne on Wednesday 23 April 2008 that discussed the proposed regulatory arrangements.

Australia's first carbon dioxide capture and storage (CCS) plant opened in Victoria

As reported recently in esaa News, Australia's first demonstration CCS plant has been opened in the Otway Basin in south-western Victoria by Federal Energy Minister Martin Ferguson. The Otway Basin Project will be Australia's first and the world's largest demonstration of carbon geo-sequestration.

According to the Chief Executive of the Cooperative Research Centre for Greenhouse Gas Technologies, "the Otway Project is one of the most innovative greenhouse projects ever undertaken in Australia and one of the most comprehensive in the world to demonstrate geo-sequestration on a commercially significant scale." The CRCGGT has been heavily involved in developing the technology over the last 10 years.

The launch of the project has a very important role in demonstrating the technical and environmental feasibility of geo-sequestration to Australia and the world and preparing the way for its widespread application. If successful – both technically and commercially - this program will go a long way to confirming the CCS technology as a viable option to reduce the carbon footprint of coal.

The Electric Energy Society of Australia

Regulatory Impact Statement - Phase 2 Smart Meter Rollout Cost Benefit Analysis released

The Ministerial Council on Energy (MCE) released its' consultants reports on the Phase 2 smart meter roll out on 5 March 2008. Comments closed on 16 April. A total of 11 submissions were received.

The Senior Committee of Officers (SCO) has now released for consultation its Regulatory Impact Statement (RIS) accompanying the Phase 2 Report. The RIS considers the costs, risks and benefits of smart meters and direct load control at a national level and in each jurisdiction. There are a number of specific questions in the RIS to be addressed by stakeholders; the responses will be included in the final RIS to be presented to MCE for consideration when making decisions on a national smart meter roll out, which is expected in June 2008. Responses are due by Tuesday 6 May 2008.

AER Announces Combined Energy Network Businesses Regulated Rate of Return Review

On 7 April 2008, the AER advised that a full review of the rates of regulated return for energy network businesses would commence shortly. The weighted average cost of capital (WACC) review is expected to be carried out during the remainder of 2008. The AER's Chair, Mr Steve Edwell, said this will be the first time it has been possible to conduct a WACC review that will remain in force for a 5-year period across the whole energy sector.

The AER intends to release an Issues Paper by mid 2008 on key issues associated with determining a regulated rate of return. This is expected to inform the AER's draft position, which is anticipated to be released later in 2008, with a final report due by March 2009. The issues paper will no doubt be keenly dissected and analysed by the NSP's given that the WACC is one of the most critical parameters influencing their revenues.

Australian Energy Market Operator (AEMO) – recruitment of Board of Directors

As part of the Council of Australian Government initiative to strengthen the governance arrangements in the energy market, the AEMO Selection Panel is announcing the release of an advertisement to recruit the Chair, eight non-executive directors and the Chief Executive Officer of AEMO. Advertisements were placed in the Australian Financial Review on Friday 11 April 2008 and also appeared in The Australian on Saturday 12 April 2008. Application closing dates are as follows:

- Chair and non-executive directors – 28 April 2008
- Chief Executive Officer – 12 May 2008

EESA NSW State Conference



Energy NSW 2008..... The [R]Evolution in Networks

**NSW Chapter Annual Conference
& Trade Exhibition**
Wednesday 29 to Friday 31 October
Powerhouse Museum, Sydney

The NSW Chapter of the Electric Energy Society of Australia is moving their annual conference to the Powerhouse Museum in Sydney. We hope delegates will enjoy this central Sydney location.... providing the opportunity to update their knowledge at the conference whilst enjoying the exhibits in the museum and the social events in the local area.

Put the date in your diary!

Conference topics will include....

- Power quality
- Smart metering developments
- Large ambitious network projects
- Developments in Overhead lines and cables
- Implementing embedded generation into distribution networks
- Asset management/switchgear and instrument transformers
- Safety and the environment - new challenges and new solutions

Are you interested in exhibiting at the conference?

The sponsorship and trade exhibition proposal is now available. Contact Helen Mackenzie or Armaghan Morshedizadeh on eesa@tmm.com.au or tel: 02 9810 7322 to request a copy.

The Electric Energy Society of Australia

Call for Nominations

Nominations are invited for the JOHN MONASH MEDAL FOR ENGINEERING HERITAGE

Engineers Australia has established the John Monash Medal as an award to recognise outstanding contributions made by individuals towards increasing the awareness and conservation of Australia's engineering heritage. The Medal is awarded by Engineering Heritage Australia (a Special Interest Group of Engineers Australia).

Any person or organisation is invited to nominate an individual they feel has made, over a considerable period of time, an outstanding contribution to engineering heritage in Australia through one or more of the following:

- the raising of awareness of engineering heritage within the profession;
- the promotion of engineering heritage within the community;
- the recording and documentation of engineering heritage;
- the conservation of engineering heritage;
- such other contribution to engineering heritage as Engineering Heritage Australia may consider worthy of recognition.

This award is open to non-members of Engineers Australia.

Nominations are to be in original hard copy signed by the person (or a representative of the group) making the nomination. Photocopies of non-original material should be legible and suitable for scanning. A "How to Nominate" guide is available from the Administrator of EHA. The nomination and supporting material should be mailed to the Administrator, Engineering Heritage Australia, 11 National Circuit, Barton, ACT 2600, (Tel 02 6270 6525).

An electronic version of the nomination is also required. This version should preferably be a Microsoft Word or PDF file on a CD and mailed as above, or sent by email to the Administrator HSlat@engineersaustralia.org.au

Nominations and supporting documentation should reach the Administrator by Thursday 31 August 2008.

Extracts from EE Informer

According to Perry Sioshansi in his latest edition of EE Informer [EEInformer@aol.com]

Clean Is Green

Wind, biofuels and solar energy technologies surpassed the \$20 billion investment mark each in 2007, according to Clean Edge Inc, a research firm based in Portland, Oregon. Worldwide, investment in clean energy technologies is expected to continue "over the next decade," propelled by generous subsidies for renewables and biofuels, as well as mandatory targets to increase the proportion of energy generated from renewables, such as renewable portfolio standards (RPS), now in effect in 26 states in the US.

With revenues exceeding \$30 billion, wind power generation is currently the biggest, expected to grow to \$83 billion by 2017; Biofuels, currently dominated by ethanol, are the second largest sector at \$25.4 billion, projected to reach \$81 billion by 2017; Solar photovoltaic sales were \$20.3 billion in 2007; projected to grow to \$74 billion within a decade.

Clean Edge says revenues from biofuels, wind power, solar photovoltaics and fuel cells grew 40% in 2007 exceeding \$77 billion worldwide. By 2017, the sector's revenues are projected to more than triple to \$255 billion. Investment in the sector grew even faster, 60% in 2007 to \$148 billion. In the US, some \$2.7 billion, roughly 10% of total investment, came from venture capital (VC) funds. "Clean energy has moved from the margins to the mainstream, and the proof is in these numbers," according to Ron Pernick, co-founder of Clean Edge.

EESA NSW Chapter

NSW Chapter event -12 June, Chatswood Auditorium Electric Power Transmission Systems Can Avoid Blackouts

An overview will be given on Flexible AC Transmission Solutions and also HV DC systems with technical and application perspectives from Australia and around the world.

Further information George Fox 9449 8536

Bulletin 3, June - July 2008

Please email submissions by
13 June 2008 to
the Bulletin Editor,
Patrick McMullan on
pmcmullan@energy.com.au