

Anna Collyer

Chair

Australian Energy Market Commission

Submitted via website

ENA submission to AEMC Flexible Trading Arrangements – consultation paper

Energy Networks Australia (ENA) welcomes the opportunity to provide input to the AEMC CER Benefits through flexible trading Directions Paper.

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

Integration of Consumer Energy Resources (CER) is a key priority for our members, particularly in the low voltage electricity distribution networks as they continue to provide safe, reliable and efficient power supply now and into the future.

Key messages

- » We welcome the AEMC's decision to exclude secondary FRMPs from residential customers
- » Each connection point should continue to be treated in isolation
 - Networks do not support all customers paying for 2nd connection points
 - There is no silver bullet answer to suit all technology types and solutions depend on use case
 - Safety remains the top concern for networks
- » Networks support improvements to unmetered loads and support for LGAs
 - Networks are tentatively supportive of minor energy flow metering for street furniture where it makes sense, but stress it must be an opt-in choice for DNSPs and LGAs
 - There is a strong need for LGAs to be well educated on the pros and cons of opting into any scheme, the risk of unintended consequences is high
 - Networks see value in minor energy flow metering, but trials are needed to prove out the concept
- » Amendments should be made for Stand-alone Power Systems (SAPS)
 - Networks are proving the value of SAPS to customers today, but some existing rules are out of date with modern technologies
 - We support AEMOs intent to remove overly prescriptive requirements on SAPS

We support the exclusion of residential customers from the rule

We welcome the AEMC's decision to exclude residential and small business customers from the proposed (FTM2) model. ENA and our members agree that costs would be far outweighed by any benefits of the model and thank the Commission for taking our feedback on board.

As noted in our first submission, other options to unlock the potential of CER are being progressed now and with no need to amend the existing National Electricity Rules (NER).

Costs for connection should be fair to all customers

The Discussion Paper notes that a possible solution might be to separately manage CER loads via a second connection point, but the cost for this is usually prohibitive for customers. ENA and our members do not support all customers subsidising the cost of second connection points for some customers, for a number of reasons.

The cost to provide a second connection point is usually close to the same cost as the first connection, dependant on size of connection, because the extra capacity is not something that is easily absorbed within efficient networks. If Networks were to absorb the cost of the second connection, then this cost would be recovered by all other customers who may not receive a direct benefit.

Furthermore, the many types of devices that make up CER are not equal and a single solution is unlikely to be appropriate. For example, tariff reform to incentivise demand with local solar PV generation may not adequately address the nuances of Electric Vehicle (EV) charging, which is inherently dynamic across location and time.

In ENAs previous submission we outlined our concerns on the topic of Safety in detail. We are open to any new thinking from the Commission or others that may evolve to better utilise CER but reiterate that Safety will always be a top concern for our members.

Networks support improvements to unmetered loads and support for LGAs

ENA and our members are open to improvements to unmetered loads for street furniture and, in principle, we support the idea of minor energy flow metering as a solution to more cost-effective, accurate metering.

However, any changes to the framework must be opt-in and any decision must be made in consultation with both DNSPs and LGAs.

Our members have noted that many LGAs have approached them to better understand their actual energy usage to manage their costs as well as for emissions

reporting. We welcome this engagement, and our members look forward to supporting local governments through the energy transition.

The billing calculation for street lighting is currently an approximation and usually based on a rough estimate of usage multiplied by the number of lighting assets recorded in DNSP databases. Adoption of minor energy flow metering, while a positive step forward, should be managed carefully.

The Commission should also note that as older generations of halogen streetlights are phased out with more energy efficient, longer life LEDs, the benefits use case also materially decreases.

Networks therefore see an important need for educational material that supports LGAs to make economically prudent decisions that may be in line with their other environmental or sustainability objectives. LGAs should clearly understand the pros, cons and potential risks associated with opting into any framework, particularly taking into account the different delivery costs between rural and metropolitan areas.

There are also concerns that as more minor energy flow devices are connected to LGA assets, such as electric BBQs, toilet facilities etc., that the networks will have de-facto responsibility for maintaining these loads into the future. We strongly urge that any new framework should clearly articulate the roles and responsibilities of the parties and that Networks should not be responsible for assets that they do not own.

Taking into account the issues above, Networks still see merit in minor energy flow metering, and suggest that the concept be proven through trials before any wholesale adoption is further considered.

Amendments should be made for Stand-alone Power Systems (SAPS)

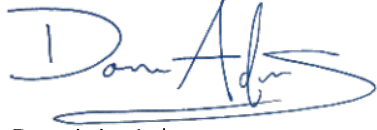
Some of our members have been particularly active in deploying SAPS as a new means for serving remote, rural customers with more reliable and resilient electricity services. However, they have noted that some overly onerous communications requirements in the current Rules, that never conceived the idea of a SAPS, pose a material economic risk to these projects.

Our members and AEMO have been consulting on a way forward and we understand that a solution that satisfies all parties will be put forward for the AEMC's consideration. We note that further details can be found in the submissions of Energy Queensland, AEMO and the NSW joint submission from Ausgrid, Endeavour and Essential Energy.

We encourage the Commission to consider these minor changes within the scope of this rule change, that are likely to offer significant benefits at least cost. We consider these changes to be within scope because they are, more broadly, related to customers being able to access the full value of DER.

If you have any questions or would like to discuss specific topics further, please do not hesitate to contact Dor Son Tan, Head of Distribution dstan@energynetworks.com.au.

Yours sincerely,



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