

Energy Networks Australia submission to AEMC SAPS Priority 2 Draft Report

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Overview

Energy Networks Australia appreciates the opportunity to respond to the Australian Energy Market Commission's (AEMC) Review of the Regulatory Frameworks for Stand-Alone Power Systems – Priority 2 Draft Report.

Energy Networks Australia 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.

Energy Networks Australia's key messages in relation to third-party Stand-Alone Power Systems (SAPS) are outlined below, with further details provided in the body of the submission.

Key messages

- » There needs to be more time and additional stakeholder consultation to consider the detailed design, interactions and consistency between the Embedded Networks, Distribution Network Service Provider-led Stand-Alone Power Systems and third-party-led Stand-Alone Power Systems frameworks to ensure:
 - they are working in harmony to deliver optimal outcomes for customers;
 - they are not inadvertently creating a situation that allows SAPS providers (or current embedded generators) to 'forum shop' for the framework which encompasses the least onerous regulatory obligations;
 - they do not create a cost advantage for third-parties over DNSPs or allow for DNSP cross-subsidisation; and
 - the transitional arrangements for when a SAPS transitions from one category to another are considered and built into the frameworks.
- » The focus of the reforms should be on likely real-world customer outcomes. The theoretical benefits of developing effective competition by excluding DNSP participation in certain circumstances must be weighed against the likelihood of effective competition emerging and the costs to consumers if it doesn't.
- » DNSPs should be allowed to provide SAPS service offerings to non-grid-connected customers in instances where it would promote better customer outcomes as long as pre-existing DNSP customers are not affected.
- » DNSPs should be able to tailor SAPS solutions to individual customers, or a group of willing customers on a connected SAPS, if the costs and benefits can be internalised to those customers.
- » Appropriate minimum obligations, such as registration and Operator of Last Resort (OoLR) requirements should apply to category 3 SAPS to apply a base level of customer protections.
- » DNSPs are best placed to provide OoLR services but should only do so with appropriate customer and risk protection mechanisms in place.

Energy Networks Australia www.energynetworks.com.au

Unit 5, Level 12, 385 Bourke Street Melbourne VIC 3000

P: +61 3 9103 0400 **E:** info@energynetworks.com.au

Energy Networks Association T/A Energy Networks Australia

ABN: 75 106 735 406

Need for framework consistency

Providers should be given equal opportunity to lower costs for customers

The similarities that should exist between the Distribution Network Service Provider (DNSP)-led Stand-Alone Power Systems (SAPS) framework and third-party led SAPS framework are clear.

Under both frameworks a SAPS will supply customers with an essential electricity service and the customer's supply will be independent of the grid. Currently, however, the aspects of the DNSP-led SAPS framework and third-party-led SAPS framework look very different. It is important there, where warranted, customer outcomes from DNSP-led SAPS and third-party-led SAPS are consistent

For example, there is a lack of consistency between the supply chain arrangements in the Final Decision reached for DNSP-led SAPS compared to the Draft Report for third-party led SAPS. In the Final Decision for DNSP-led SAPS, the AEMC decided it was appropriate that DNSPs should seek external contracts, while in the Draft Report for third-party-led SAPS, third parties could freely vertically integrate and provide the entire service for category 2 and 3 SAPS.

Sourcing external contracts is very likely more expensive than the equivalent recommendations in the third-party framework where third parties can provide a vertically-integrated service. The ideal outcome for customers should be that they are supplied with a least-cost energy solution. Energy Networks Australia believes that **DNSPs should be able to provide a vertically-integrated SAPS solution if it is the least-cost energy solution for a customer** and if there is a mechanism in place to prevent cross-subsidies from being utilised. This is in line with the National Energy Objective and would more appropriately align the two SAPS frameworks.

One such mechanism to allow DNSPs to provide a vertically integrated service is for DNSPs to supply SAPS to new customers as an alternative control service (ACS) on a customer-demands basis which would not impact other grid-connected customers and would provide a lower cost outcome to customers.

Framework consistency will minimise incentives for 'forum shopping'

Embedded network operators have the option to disconnect from the grid and become a SAPS by installing independent generation even where this may be inefficient and increase costs of service to customers. As such, it is vital that the principles and interactions between the three frameworks are harmonious and incentivise providers to choose the framework which delivers optimal outcomes for customers and not the framework which encompasses the least onerous regulatory obligations.

For example, a third-party looking to establish an energy supply for a greenfield site has the ability to choose whether to build infrastructure that connects to the national grid and operates as an embedded network or build generation and storage facilities to operate the town as a third-party SAPS. An otherwise efficient investment decision could be distorted by unwelcome incentives for third parties to choose one framework over another which could unnecessarily increase costs for customers.

Transitions between frameworks need to be considered

It is Energy Networks Australia's understanding that it is possible for a currently classified embedded network to subsequently disconnect from the supplying feeder and that it could feasibly be classified as a SAPS, raising the question of which framework it operates under after the disconnection.

If it was deemed to now be operating under the SAPS framework, this raises a significant question: what changes would be required and how would the third-party transition from the embedded networks framework to the SAPS framework? The two frameworks have very different structures and processes and transitional aspects between frameworks need to be addressed.

Inconsistent metering arrangements

The metering arrangements for the third-party SAPS framework and the embedded networks framework are inconsistent.

Embedded networks require National Energy Market-compliant meters whereas category 2 and 3 SAPS do not. Energy Networks Australia understands that the metering requirements of the two frameworks are not necessarily the same but would still prefer to see similar metering arrangements between embedded networks and SAPS to reduce regulatory incentives to 'forum shop'.

It is possible that SAPS operators will need to retrofit more advanced meters if a SAPS continues to grow beyond its original size. The experience of networks attempting to retrofit meters to embedded networks has been poor as it is often difficult to gain access to embedded network premises to install new meters.

Energy Networks Australia also believes that there are inconsistencies in the metering arrangements between DNSP-led SAPS and third-party SAPS. In the DNSP-led SAPS Final Decision the commission decided that "existing metering roles, responsibilities and processes would be utilised, potentially with minor changes".¹ In the third-party led SAPS Draft Report, category 1 customers require communications-enabled meters and category 2 and 3 customers do not. **Where there is a sale of energy, SAPS customers should have similar metering arrangements regardless of the size of**

¹ Australian Energy Market Commission, *Review of the Regulatory Frameworks for Stand-Alone Power Systems – Priority 1 Final Report*, p. 63.

the SAPS they are a part of or whether they are supplied by a DNSP or a third-party.

Every customer should be able to view and manage their electricity data, especially SAPS customers who have strong incentives to monitor their generation and consumption levels to minimise diesel generator usage. Communications-enabled smart meters would facilitate better communication between customers and the SAPS operator, for instance to notify the customer that their battery reserves are running low or gathering data on the customer's usage pattern to better understand and manage the SAPS system.

Requirement for time to design and consult on combined framework

Given the number of design elements in the third-party SAPS framework still to be developed, Energy Networks Australia believes more time and stakeholder consultation is required to consider the options and implications of different solutions.

Many aspects of the third-party SAPS framework are complex and interlink with parts of the embedded networks framework.

As such, Energy Networks Australia proposes **more time be allocated to look at the overall effects of the embedded networks, DNSP-led SAPS and third-party-led SAPS frameworks to ensure that they are working in harmony to deliver optimal outcomes for customers.** There has not been time, nor have the necessary details been provided, for stakeholders to fully undertake such an assessment as yet.

Part of the extra time should be allocated towards active consultation where stakeholders would be provided the opportunity to review proposals and make suggestions before a final rule change is made. Allowing extra time would provide for the development of a robust framework more likely to promote the long-term interests of consumers by helping to avoid unanticipated impacts of accelerated development of a complex framework.

Focusing on the customer experience and outcomes

DNSPs should be able to provide new customers with SAPS

The initial purpose of Western Power rule change request was to provide electricity services in a cost-efficient manner. Energy Networks Australia believes that both customer experiences and outcomes should be the key consideration when deliberating all features of the SAPS framework.

SAPS will be providing the essential service of electricity to customers, which will be an input into most of their day-to-day activities. The nature of essential services leads to regulation where either there are natural monopoly characteristics to the service or

where customers are entitled to a minimum set of standards set by Governments or regulators.

SAPS will not have the same natural monopoly characteristics that the interconnected grid has, but SAPS still have some natural monopoly characteristics, or at the very least economies of scope and scale. Generation and load can be shared between multiple customers, responding to faults and maintenance issues will likely be quicker given DNSP's vast presence in regional areas and load and customers will be protected by a minimum set of requirements.

To achieve optimal customer outcomes, it is necessary for competition and regulation to work in harmony and strike a balance between customer-tailored and standard regulated options.

For competition to develop there must be a sufficient number of customers who are demanding services and a sufficient number of suppliers willing and able to compete with one another to bring prices down and improve service offerings. There is unlikely to be a large number of customers who are not already connected to the grid and who wish to be serviced by a SAPS, especially in the short-term. Energy Networks Australia is concerned that if the competitive market is slow to develop, customers who require a SAPS outside of a fully regulated category 1 system will not receive optimal customer outcomes. This is particularly the case for 'first-mover' SAPS customers before a market can even begin to emerge.

DNSPs should be allowed to provide SAPS service offerings to non-grid-connected customers in instances where it would promote better customer outcomes as long as pre-existing DNSP customers are not affected. This could be facilitated under the regulatory framework by DNSPs supplying SAPS as an ACS on a customer-demands basis which would not impact other grid-connected customers but would promote overall customer outcomes.

This is a sensible option given electricity is an essential service and a competitive market for SAPS provision is unlikely to develop to a scale where cost and service improvements are realised. Customers would be provided cost-effective solutions and the peace-of-mind that they are being delivered a reasonable, pre-approved and regulated service.

The AER has previously used an ACS framework for services that have the potential to be competitively provided but for which markets aren't yet developed. Market testing could be an option to assess whether this option impedes on competitive outcomes, possibly if the offers received by a customer aren't meeting their expectations.

DNSPs would only provide SAPS services to new customers where either:

- » The customer requests a connection offer from a DNSP for reputational, safety, reliability or other reasons and a SAPS would be cheaper than a connection to the grid.
- » The competitive market is slow to develop and the customer does not believe that the offers they are receiving from the competitive market meet their expectations.

DNSPs should be able to tailor SAPS for customers

In cases where DNSPs are permitted to provide SAPS to new customers, customer outcomes would be maximised if DNSPs are given the ability to tailor DNSP SAPS solutions to the customer's needs. This is especially true for rural customers who each have very different circumstances. If a DNSP were to tailor a SAPS service to the needs of their customer under the regulatory framework, the benefits would accrue solely to that customer but the costs would be smeared across all other DNSP customers which leads to equity imbalances.

However, it would be feasible and appropriate to tailor DNSP SAPS solutions if there was a way to internalise both the customer benefits and costs of tailoring a SAPS to a customer's specific needs so that they only affected that customer. Under a third-party framework with a dedicated customer offering, the costs and benefits of a tailored SAPS are already internalised through a contract. In the interest of customer outcomes, Energy Networks Australia believes that **DNSPs should be able to tailor SAPS solutions to individual customers, or a group of willing customers on a connected SAPS, if the costs and benefits can be internalised to those customers.**

Tailoring network services for the customer has traditionally been an option rarely available to DNSPs because the interconnected-grid necessarily prevents it. DNSP assets such as poles and wires share their usage between many customers, making it difficult if not impossible to tailor network services for a large majority of existing customers. The SAPS framework is an opportunity for networks to give customers choices about their power supply beyond which retailer to choose.

One approach which would allow DNSPs to tailor SAPS solutions for existing customers operating under a DNSP-led framework is to have the standard SAPS costs included in the Regulatory Asset Base (RAB) and have any extra costs borne by the customer through customer contributions. Customers would be allowed to contribute extra in order to secure higher levels of reliability. Under a DNSP-led framework it would be irrational for a customer to negotiate lower reliability levels as the lower reliability levels would be realised but the customer would see no practical change in their bill because costs are smeared across all of the DNSPs customers.

Where a DNSP is allowed to provide a third-party SAPS to a new customer, the DNSP should be allowed to work with the customer and provide a solution that is fit-for-purpose to the customer's needs. Negotiated aspects might include the number of solar panels, amount of storage or type of metering. If DNSPs were able to supply SAPS on a regulated basis, assets could be supplied under the ACS framework. This mechanism ensures that the costs and benefits of a tailored SAPS are internalised to the customer.

Tailoring third-party SAPS solutions only makes sense for category 3 SAPS where the number of customers serviced by the tailored SAPS service is small. Tailoring makes the most sense for individual customers because the adapted service only affects a single customer. For SAPS installations servicing more than one customer, all customers should have to agree in order for the SAPS service to be adapted. When a SAPS supplies more than a few customers (i.e. category 2) it is impractical to allow

tailored SAPS solutions because getting the approval of all customers becomes more difficult as the number of customers increases. As the number of customers increases, the amount of control which a single customer has over their electricity service decreases, to the point where individual customers have very little or no choice at all. For this reason, tailored services should only be available to category 3 customers.

It is paramount that **customers are fully informed before they enter into any negotiations for a modified SAPS service**. A modified service may alter the value of their property and there may be significant augmentation costs if customers decide they want to increase the reliability of their service after trading off some reliability for lower costs. Customers should have to demonstrate proper understanding of all relevant consequences of a modified SAPS service before consent can be obtained in writing.

Designing and applying a category framework

Classification criteria for each SAPS category should be clear and 'firm'

Energy Networks Australia generally believes that all SAPS are providing an essential service and customers should have access to minimum protections such as quality of supply, security, safety and customer protections.

The Draft Report provides clarity on how each dimension of regulation will apply to each of the three categories. It is less clear how SAPS installations will be assigned into categories and the AEMC has stated that further consideration will be given to how SAPS's will be assigned to categories over the remainder of the review. This is an important matter of design which should be carefully approached.

Broadly, categories can be assigned using a 'loose' or a 'firm' methodology. A 'loose' methodology would incorporate some amount of subjectivity to the deciding party, such as the level of system complexity or whether the deciding party believes retail competition is feasible. A 'firm' methodology is indisputable and closed to subjectivity and might consist of say the number of customers or amount of load.

Energy Networks Australia believes **it is optimal to have a 'firm' categorisation methodology**. Categories should be clearly defined and closed to subjectivity to provide clarity to third-parties and licensing bodies on how a SAPS will be classified. The process for categorisation will be quicker and less contested as a result.

Category 2 SAPS under the Draft Report entail systems from sizes which supply 'more than a handful of customers' to smaller towns. What is considered to be 'a handful of customers' needs to be made clear.

For example, consider the principles and differences between a SAPS supplying two customers and a SAPS supplying 10 customers (which could be considered more than a handful of customers). The required framework for negotiating a price/reliability

trade-off for two people isn't much different to the framework for 10 people. All customers should have to agree to the trade-off and whether it's two or 10 customers or a small town, consultation would be required. There is an argument that a SAPS with two customers is more similar to a system which supplies a small town than a SAPS system which supplies a single customer.

For SAPS supplying a single customer, that sole customer can make the decision and broader consultation would not be required. Given this and other similar discrepancies between a SAPS supplying a single customer and 'more than a handful', Energy Networks Australia believes **that category 3 SAPS should be restricted to individual power systems and any SAPS supplying more than a single customer should be classified as category 2**. Categorising SAPS in this way would be more reflective of the circumstances between SAPS supplying a single customer and SAPS supplying multiple customers. This approach would also be easier to apply in practice to various SAPS installations.

Defined category transition arrangements will be critical

Energy Networks Australia also believes that the **transitional arrangements which dictate what happens in the event a SAPS, for whatever reason, transitions from one category to another are just as important as the categories themselves**.

There are no transitional considerations outlined by the AEMC in its Draft Report and Energy Networks Australia feels that this should be considered a key dimension of the SAPS framework.

The most concerning of these transitions is when a category 3 system grows in size beyond what could reasonably be considered a category 3 system and should be classified as a category 2 system. Under the AEMC's Draft Report framework, this category 3 SAPS would not be registered and licensing and regulatory bodies would not know of its existence. Customers would be subjected to elevated safety and consumer protection risks as a result of no oversight on a growing SAPS. This SAPS could conceivably grow in size to a category 1 system which would otherwise require the full suite of regulation, but the regulator wouldn't know of its existence. This situation is reminiscent of the original embedded networks exemption framework which left unattended, grew far beyond its original purpose to the detriment of many customers.

Similarly, there is no transition process for when a category 2 system transitions to a category 1 system. The regulations for category 1 SAPS are much more involved than category 2 SAPS and most of the regulatory dimensions would likely have to transition from a jurisdictional framework to the national framework. The AEMC needs to establish transition mechanisms for SAPS transitioning from category 2 to category 1. It would also be appropriate to establish a transition process for SAPS downsizing from category 1 to category 2, which may arise if a large user relocates from a category 1 SAPS or goes into liquidation.

The AEMC states that category 1 SAPS will be regulated in an equivalent manner to standard supply customers and existing national laws and rules should apply to these

systems in the same way that they apply to standard supply customers. Competitive generation is able to connect, regulatory determinations will apply to set network tariffs and retail competition will apply. These are the same characteristics which apply to the interconnected grid. The question that must be asked is when does a category 1 SAPS become an interconnected grid? It is possible that by definition, a category 1 SAPS is already an interconnected grid under the AEMC's proposed framework because the characteristics of the interconnected grid and a very large SAPS system are similar. This possible future should not be overlooked in the framework.

All SAPS installations should be registered

Energy Networks Australia considers that **all SAPS installations should be registered** to prevent SAPS from growing beyond their initial ambit, with no associated increase in regulatory accountability.

This should include defined penalties for any SAPS which fail to register. Full SAPS registration would also be beneficial in allowing the AEMC to better track price and customer outcomes and would allow the AEMC to more easily determine whether efforts to introduce competition are successful. Energy Networks Australia does not consider that this will be burdensome because registering with a regulatory body should be simple and would be undertaken by the third-party.

At minimum, Energy Networks Australia would like to see all SAPS installations with more than a single customer registered with regulatory bodies. This is a reasonable trade-off between the regulatory burden of registration for individual customers and necessary customer protections while still preventing the expansion of unregistered SAPS and giving single customers independence from regulations should they desire it.

Operator of Last Resort

Competitive market for Operator of Last Resort and implications

The AEMC details in its Draft Report that DNSPs and other third parties should be able to compete to provide Operator of Last Resort (OoLR) services. The AEMC also outlines that it does not believe OoLR functions should apply to category 3 SAPS because the costs would likely be disproportionate. Energy Networks Australia is concerned with both of these positions.

For a competitive market to develop for the provision of third-party SAPS services, there must be enough demand to encourage multiple suppliers to enter the market. For there to be any benefits of competition, there needs to be enough suppliers competing with each other to reduce costs and increase services. Earlier in this submission, Energy Networks Australia has raised concerns that it is not certain that a competitive market for SAPS provision will develop given the number of SAPS likely

to be deployed, especially in the short term. This is particularly the case in rural and remote locations.

For a competitive market to develop for the provision of OoLR services, the same principles apply. There needs to be enough third-party SAPS providers failing to warrant OoLR service providers entering the market. To create any benefits from competition, these suppliers must be willing and able to compete with one another to reduce costs and increase services. Compounding on Energy Networks Australia's previous concerns on competitive SAPS provision, we certainly **don't believe a competitive market for the provision of OoLR services will develop to a point where any benefits of competition are realised.**

It is counterintuitive to Energy Networks Australia that if a supplier of electricity services in a competitive market fails, the AEMC's preferred solution is another competitive market to pick up the pieces.

For example, consider that third-parties are actively competing to provide SAPS services to customers and third-parties are actively competing to provide OoLR services to customers. When a third-party SAPS service provider fails, this creates demand for the provision of OoLR services.

- » If there is a low level of demand for the provision of OoLR services (not many third-party SAPS providers failing), this is a good outcome for customers because the competitive provision of third-party SAPS is resulting in stable businesses, functioning SAPS systems and presumably customer satisfaction.
- » If there is a high level of demand for the provision of OoLR services (many third-party SAPS providers failing), then the SAPS framework is not functioning in the best interests of customers. In this instance, the technical standards or financial checks applying to third-party SAPS providers during licensing and registration are likely insufficient and will result in detrimental customer outcomes and experiences borne through provider failure. This will only serve to damage customer confidence in energy institutions and the new OoLR supplier is still not guaranteed to provide a better service to customers.

A high level of demand is a requirement for the benefits of competition to be realised. A high level of demand in the OoLR provision market is an indicator that the third-party SAPS framework is not functioning adequately.

Under either scenario the DNSP would be best placed to provide OoLR services as a failsafe when SAPS suppliers fail in a competitive marketplace. This would limit customer detriments, minimise the damage to customer confidence in institutions and ensure customers are back on supply as soon as possible.

OoLR requirements should apply to category 3 SAPS

Energy Networks Australia believes that **OoLR requirements should apply to category 3 SAPS where there is a 'sale of energy'**, or in other words where the customer does not own the SAPS system.

If there is a 'sale of energy' then the customer does not have full control of their electricity supply and should not be completely liable for any failure of a third-party provider. Electricity is an essential service and although the customer may have negotiated a lower price with the third-party supplier, they should still be protected in the instance of third-party failure.

In any case, the OoLR should be appointed upfront during the licensing and registration stage to ensure that all customers being supplied by a SAPS are reasonably protected from SAPS provider failure. The details of Energy Networks Australia's suggested protections are discussed in the following section.

DNSPs should provide OoLR services only with appropriate protections

Energy Networks Australia considers that that **DNSPs are best placed to provide OoLR services but should only do so with appropriate customer and risk protection mechanisms in place.**

There have been cases in the past where DNSPs have inherited a failed commercial SAPS and have not been comfortable operating the SAPS because the safety of staff could not be guaranteed. Without adequate protections, Energy Networks Australia is hesitant to commit DNSPs to providing OoLR services.

Given Energy Networks Australia does not believe a competitive market for provision of OoLR services will necessarily develop and DNSPs are best placed to provide these services, it is possible that DNSPs will have to provide OoLR services in the future. With this in mind, Energy Networks Australia believes it is necessary that appropriate protections for DNSPs and customers are enacted.

Appropriate protections could be implemented in the form of either:

- » Minimal technical standards which ensure that any third-party assets installed (and subsequently acquired by the DNSP under an OoLR event) meet any applicable DNSP regulatory standards, or
- » The third-party SAPS installer having adequate insurance to cover the DNSP and their customers from any costs associated with the OoLR process. Costs may include upgrades to meet DNSP standards, replacement of assets if required and ongoing fees to cover maintenance for a period of time.

The minimum technical standards approach would best be prescribed in the licensing and registration stage of third-party SAPS. If the DNSP is deemed to be the OoLR then DNSP minimum technical standards should apply so that upgrades are not required to SAPS assets if the DNSP is to inherit the asset. There is still a risk that due to the age of assets or inappropriate upkeep by the third party, upgrades may still be required. In this situation it may be necessary to allow DNSPs to recuperate costs from the third-party liquidation process.

Under the insurance approach, a third-party SAPS provider would need to establish insurance which is sufficient to cover the replacement of SAPS assets which meet DNSP minimum technical standards in the instance of third-party provider failure. As

minimum technical standards may not apply, third-party SAPS assets may be unusable by the DNSP for safety or technical reasons and would require full replacement. This is still a possibly concern even if third-parties are providing OoLR services.

Opting for insurance over minimum technical standards would better promote competition in third-party SAPS because the cost of insurance will be lower than the cost of adhering to DNSP standards. Using insurance would also make it easier for third-parties to access a 'competitive' OoLR supplier market, though Energy Networks Australia still does not believe a competitive market will develop. Opting for minimum technical standards would allow customers to be back on supply quicker after third-party failure because an OoLR could more easily take over operation of the service.

It is important to note that regardless of which mechanism is chosen, the right to obtain easements from property owners will be necessary in some instances. Where a SAPS which does not meet DNSP standards is transferred to the DNSP, more physical space may be required to install and operate a SAPS which meets DNSP standards.

DNSPs preference would be for minimum technical standards to apply to ensure the safety of all customers and network operators but Energy Networks Australia recognises that appropriate insurance would be the option which most encourages competition in third-party SAPS provision. It is imperative that at least one of these protections is implemented.

Other comments

Safety

Energy Networks Australia believes it should be **mandatory for category 2 and 3 SAPS customers to receive a comprehensive education of the safety features and functions of their SAPS**. These customers should be provided information about how to safely interact with their SAPS, including any emergency shutdown procedures should they be necessary. This is important because consumers are typically unable to effectively evaluate the safety of a SAPS system themselves and this supports an argument for stronger consumer protections.

Category 2 and 3 SAPS providers are subject to safety requirements through the licencing, registration and reporting framework. Safety is of particular concern for SAPS where electricity is shared between premises. For example, it would be extremely hazardous for a SAPS to connect with another electricity network because the technical aspects of each system may be quite different.

Regulatory oversight is required to ensure distribution assets and their locations are reported to relevant regulators and to the licenced DNSP for the area. This is important to protect the safety of network staff that may be inadvertently called out to these potentially live assets during a storm by well-meaning emergency services employees. Dial before you dig is an essential service to ensure the public has access

to the location of electrical equipment when required. It would be dangerous to allow SAPS to go unregistered for safety reasons, let alone for regulatory reasons.

Access and connections

Other than Energy Networks Australia's comments on the OoLR function, we generally agree with the principles outlined in the access and connections section.

Economic Regulation

In its submission to the consultation paper, Energy Networks Australia advocated for economic regulation at a national level which would assist SAPS providers across multiple jurisdictions. This would be difficult to accomplish because states would have to opt-in to the national framework for it to take effect, meaning states could still effectively opt-out.

If many aspects of the framework may ultimately be left up to jurisdictions to establish, Energy Networks Australia would like to see a **high degree of consistency between jurisdictions** to reduce regulatory barriers and costs. To this end, it may be beneficial for the AEMC to provide some guidance to jurisdictions on what they believe would be an efficient approach to achieve optimal customer outcomes.

Consumer protections

Other than Energy Networks Australia's concerns related to registration of category 3 SAPS, we generally agree with the consumer protection framework outlined in the Draft Report.

Reliability of supply

Energy Networks Australia notes that category 1 SAPS customers will have full reliability of supply and category 3 customers are able to negotiate a price-reliability trade-off. Energy Networks Australia is concerned that category 2 customers will neither be protected by DNSP reliability standards nor will they have the ability to negotiate their own individual price-reliability trade-off.

The AEMC has left it up to jurisdictions to determine their own reliability standards. Energy Networks Australia believes it would **be beneficial for the AEMC's Final Report to encourage jurisdictions to lean towards administering reliability protections** informed by assessments of the value of reliability to the affected customers, rather than any bias being introduced to provide for weaker protection.

Network operations and system security

Other than our concerns with metering inconsistencies outlined previously, Energy Networks Australia generally supports the network operations and system security standards outlined in the Draft Report, so as long as safety is not sacrificed under any circumstances.