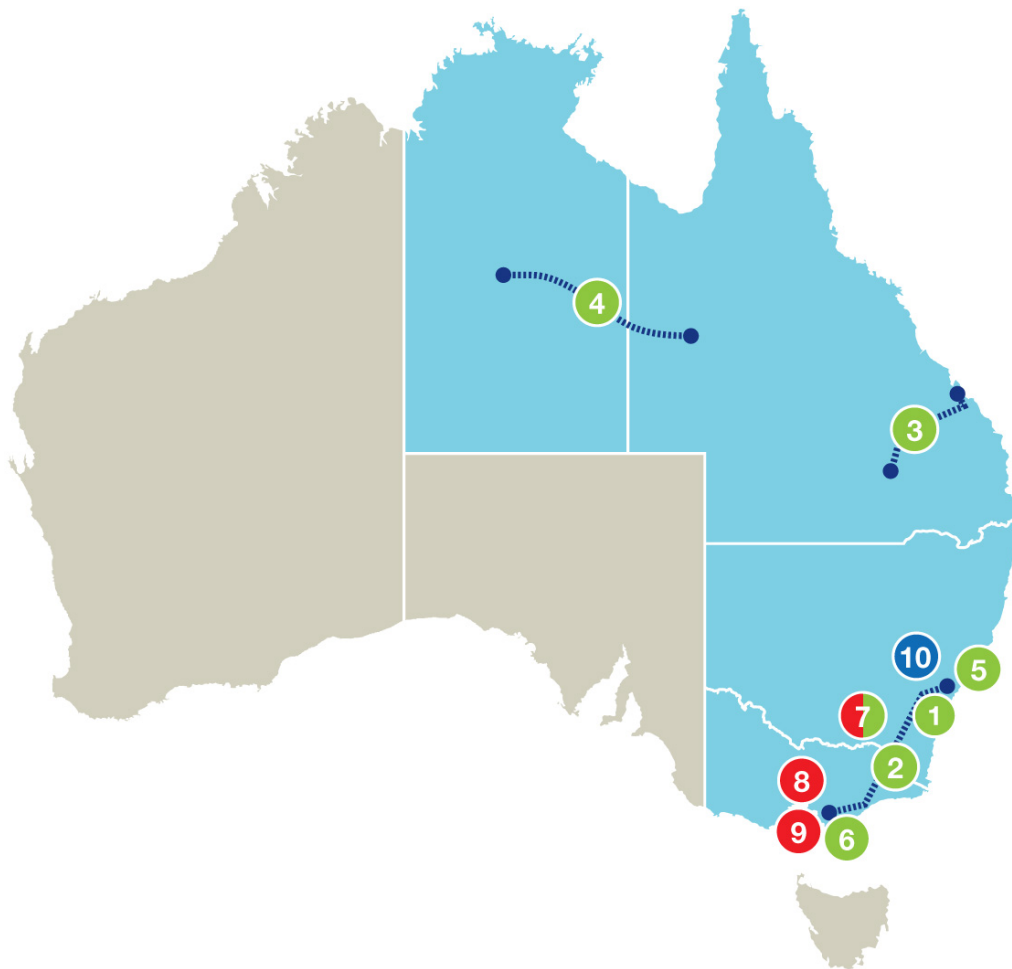


# Effectiveness of regulatory environment in driving non-network solutions

*Matthew Serpell  
27 March, 2019*

# Jemena at a glance

Jemena owns and operates gas, electricity and water infrastructure assets located in the mid and east coast of Australia valued at A\$10Bn



## Gas

- 1 Jemena Gas Network
- 2 **Eastern Gas Pipeline**
- 3 **Queensland Gas Pipeline**
- 4 **Northern Gas Pipeline**
- 5 Colongra Gas Transmission and Storage Pipeline
- 6 VicHub
- 7 ActewAGL Distribution Partnership (50%)

TRANSMISSION PIPELINE

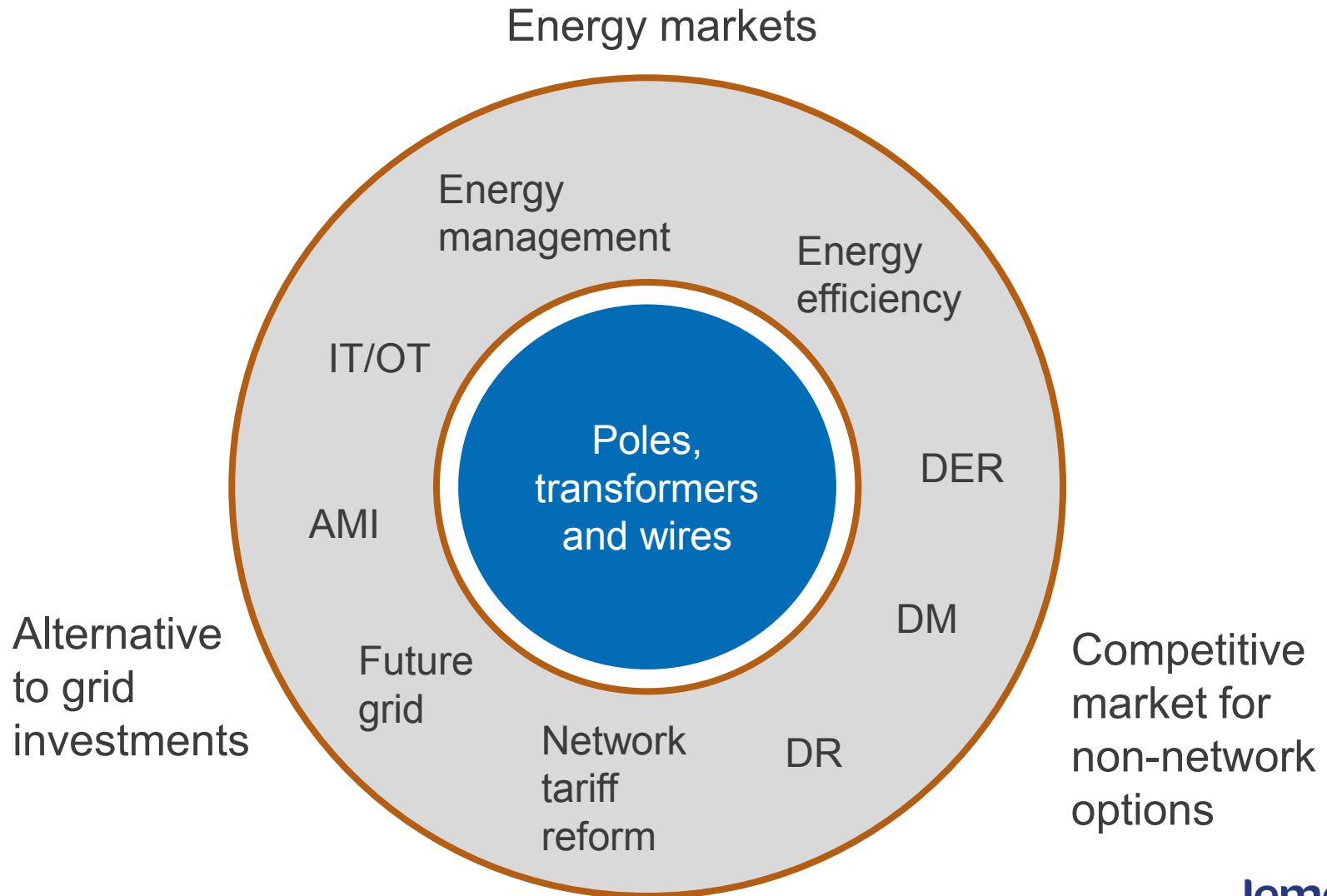
## Electricity

- 8 Jemena Electricity Network
- 9 United Energy Distribution (34%)

## Water

- 10 Rosehill Recycled Water

# What is a non-network option?



The background features several large, overlapping, curved shapes in various shades of blue (dark, medium, light, and teal) and white, creating a dynamic, abstract composition.

# The current context

# Context | What our customers are saying....

## What they experienced

- Information gaps
- Negative experience
- Frustration

## What they want from us

- Customers want us to build greener, smarter and customer centric network



# Context | What Jemena is doing?

Network tariff reform

Demand management trials



“Distribution businesses should be required to work closely with all relevant retailers in developing their tariff proposals ... this could be modelled on the consultation currently being conducted by the Victorian distribution businesses”



# Context | Where are we and what are the trends

## Distributed generation

### Currently

- Small PV (<5kW) connecting relatively unconstrained
- Large PV (<100kW) can be constrained, depending on the area
- Accelerated PV growth from the solar homes program

### Near term

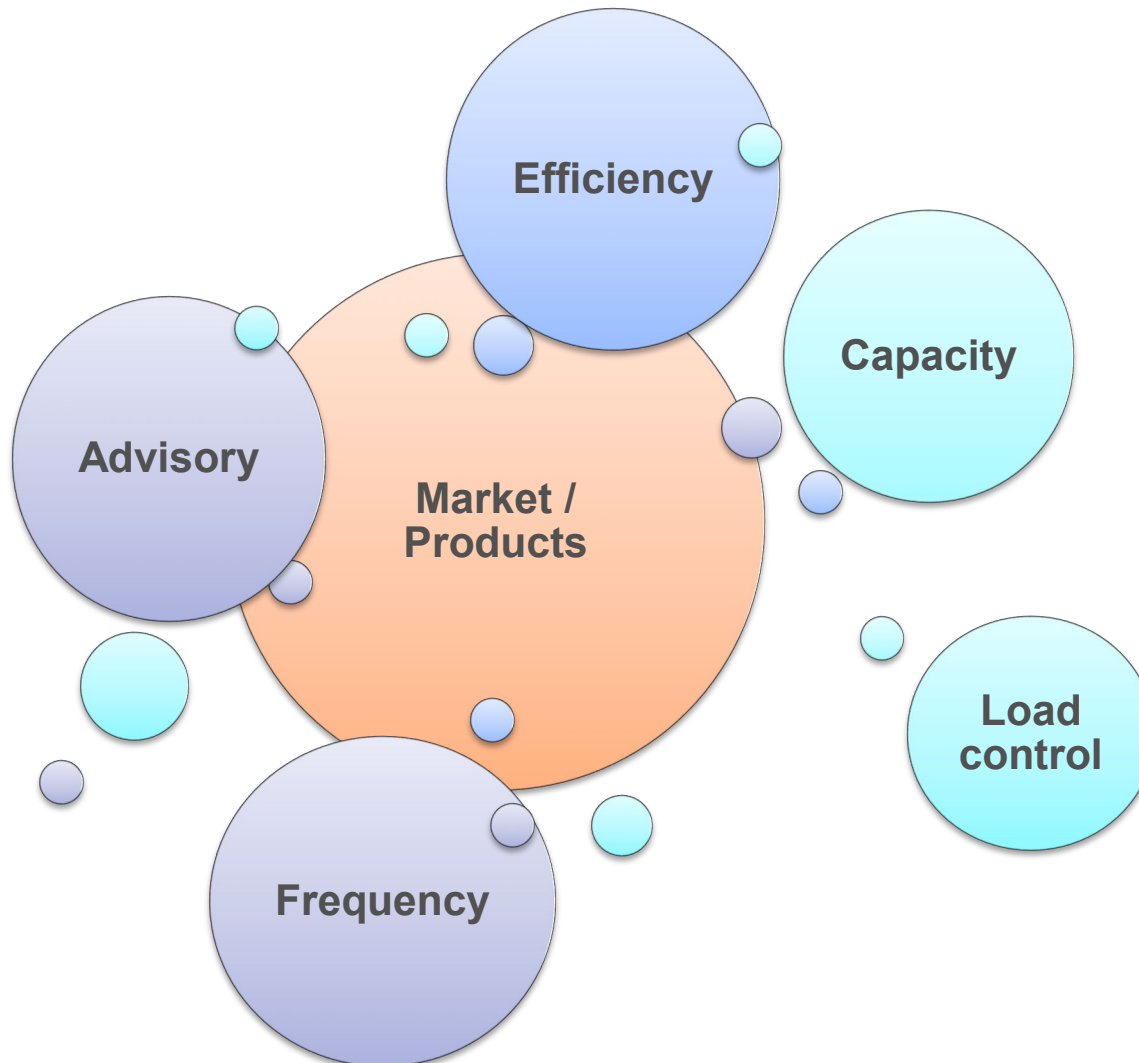
- Threshold for constraints is likely to tighten
- New inverter standards are required before connection
- DER register designed to collect information

Early preparations for a DER saturated future



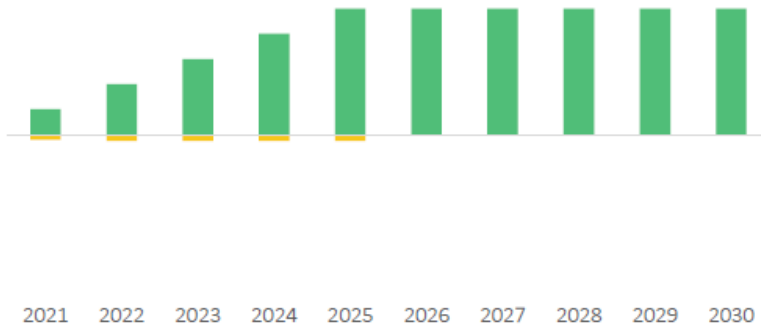
# Context | Energy markets

The products in the energy market are growing quickly

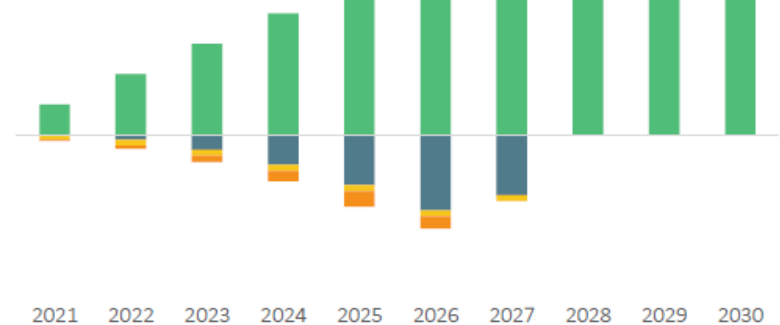


# The future grid | Responding to DER

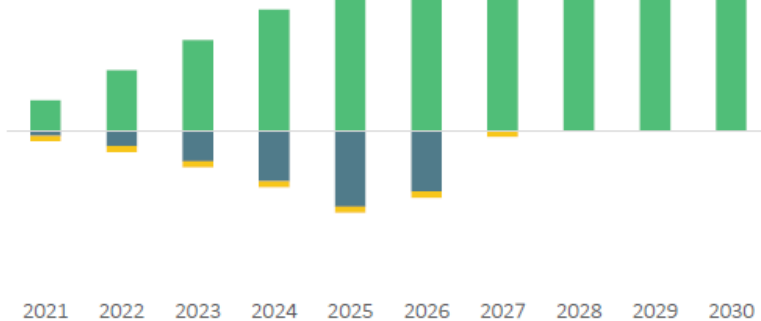
Option 1 - Constrain



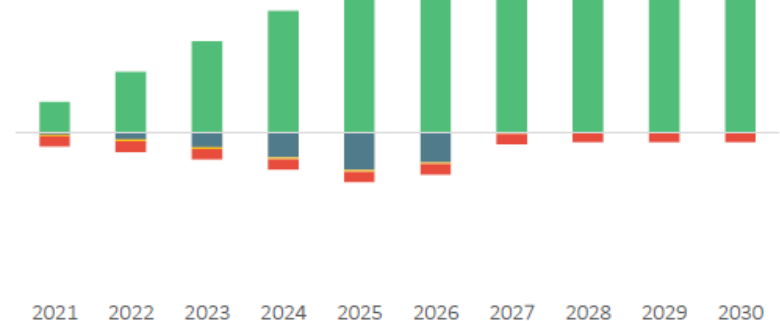
Option 2 – Build reactive



Option 3 – Build proactive



Option 4 – Build Smart



■ PV Generation
 ■ AUGEX
 ■ Connection OPEX
 ■ Reactive OPEX
 ■ Future Grid Investment

The background features a series of overlapping, curved shapes in various shades of blue (dark, medium, and light) and white, creating a dynamic, modern aesthetic.

# The regulatory context

# Regulatory Context | Distribution annual planning report and regulatory information testes

- **Distribution annual planning report**
  - Provides a good oversight of the near term planning requirements
- **Regulatory information tests**
  - Mixed results from submissions
  - Responders are looking for guarantees
  - Responses are typically product sales pitches rather than solutions



# Regulatory context | Reforms for greater competition

- **Recent reforms**

- Ring-fencing of electricity businesses
- Assets excluded from network asset base
- Contestable metering (other than Victoria)

Creates greater separation between regulated and competitive services

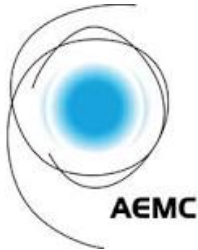
- **All market reforms take time to settle**

- Participants need to find new ways of working
- Unintended consequences
- Customer protections need to be in place
- Market may be under-served

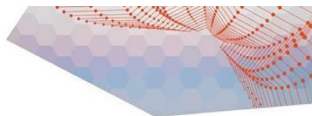
# Regulatory context | More reform to come



The COAG Energy Council tasked the Energy Security Board with developing advice on a long term, fit-for-purpose, framework for the NEM that could be applied from the mid-2020s



The AEMC has undertaken a review on the need for 'sand-boxing'



AEMO and Energy Networks Australia are partnering to investigate open networks



# Begin and end with the customer at the centre

