AEMC

Via submissions web form

27th May 2021

Access, pricing and incentive arrangements for distributed energy resources

Solar Analytics welcomes the opportunity to provide input to the AEMC on the draft rule for Access, pricing and incentive arrangements for distributed energy resources.

About Solar Analytics

Solar Analytics is an Australian company founded by solar industry veterans, scientists, developers and passionate photovoltaic (PV) experts. We design, develop and supply intelligent rooftop solar and energy management solutions for residential households and commercial businesses. With 35 staff and 25,000 customers across Australia, we are the leading provider of rooftop solar management in Australia. Our fleet of Distributed Energy Resources (DER) across Australia have real time solar generation and energy consumption measurement that enables us to provide energy management services for our customers. We also provide extracts from our unique data set to seven DNSPs, plus AEMO, ESB, universities and energy regulators.

Solar analytics' mission is to Increase rooftop solar generation and maximise the value for households and businesses.

Our success is dependent on the continued uptake of rooftop solar. As such, we have an interest in ensuring that rooftop solar remains an attractive investment for energy consumers.

Scope of submission

Solar Analytics broadly supports the submission by the CEC on this rule change. We have also expressed our views in direct communications with the AEMC and through representation on the public forum panel on Thursday 20th May. Therefore this submission will not go deep in detail on the rule change, but simply emphasise the key points that we believe need attention.

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Comments on draft rule change

We are broadly supportive of the intent of the rule change. We agree with the argument that the business as usual approach will be detrimental for the growth of distributed PV, with the likelihood of excessive curtailment if export services continue to be unregulated.

However, we have some concerns with the approach:

1. Right for consumers to install DER

Under the current regulations, it is at the sole discretion of the DNSP whether consumers are allowed to install DER, and if so under what conditions. This proposed change must codify the right of all consumers to install DER (as they can currently with any other load consuming device currently).

It is reasonable for the DNSPs to have guidelines and connection requirements such as static or dynamic export limits and technical standards (in line with this proposed rule change and supported by national standards and guidelines). However these requirements need to be explicitly stated and evidence and data based (at present the requirements are often unknown at time of connection application, or varied without any reason or evidence provided). At present, DNSPs have opaque restrictions that are not supported by available data.

2. The outcomes for distributed PV are too uncertain

While the likelihood of export tariffs appears certain, there is no certainty around when the trade-off of improved services will be effected and to what degree.

The classification of exports as a service is a necessary element but has limited practical meaning itself without incentive arrangements regarding delivery of the service.

According to the presentation by Ed Chan during the 20th May consultation forum, the AER is to report on the feasibility of incentive arrangements within 18 months. Beyond that, there is no timeline for the application of these incentives.

In our view, the draft rule should include a requirement for tangible incentive arrangements to be in effect *prior* to the imposition of any positive export charges.

The determination notes the possibility of interim incentives including "reputational incentives and benchmarking." We are not aware of any compelling evidence that reputational incentives are effective for monopoly network service providers and are not satisfied that this will have a tangible impact.

3. Incentive arrangements should include both export curtailment and voltage performance

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The discussion of incentive arrangements in the determination focuses primarily on voltage performance as a proxy for export capability, most likely through changes to the STPIS. We agree that this is a reasonable approach, but insufficient in itself. Voltage performance can be optimised by imposing severe export limits, thus defeating the purpose. Incentives should be based on both export curtailment and voltage performance.

4. There needs to be stronger disincentives for applying zero-export limits

The TEC/ACOSS proposal called for a ban on zero-export limits and we are disappointed that this has not been adopted in the draft rule. While we accept that there may be isolated circumstances where zero-export limits are required, we believe that customers should be appropriately compensated; that such compensation arrangements be in place before export charges are approved in a given TSS; and that such zero-export limits are subject to a requirement for a validated, public justification which may be challengeable by a customer or their representative.

5. Export tariff guidelines should be binding

The non-binding export tariff guidelines do not sufficiently address the uncertainty for the distributed PV industry, particularly in the time between now and imposition of export charges. The guidelines should be binding and should be produced before the rule change is adopted so that a better informed assessment of the positive and negative impacts on the distributed PV industry may be undertaken.

Conclusion

To conclude, we emphasise that uncertainty has been the recurring and harmful theme for the distributed PV industry. Leaving many aspects of this rule change open, with detail to be provided in the future by the AER, may lead to a theoretically more optimal system. However, the uncertainty that this approach brings can outweigh the benefits.

We believe the AEMC and AER should together consider fixing tariff guidelines and incentive arrangements sooner, allowing a degree of certainty, even if the arrangements are not perfect. From there, gradual iteration can follow.

Regards,

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