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Submitted via email: AERenquiry@aer.gov.au

AER export limit interim guidance note – ENA submission

Energy Networks Australia (ENA) welcomes the opportunity to provide input to the AER export limit interim guidance note.

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.

This interim guidance note is an important step in the fair and pragmatic implementation of dynamic operating envelopes (DOEs) and better utilisation of the distribution network, which drives down costs for customers.

Key messages

- » ENA strongly supports a principles-based approach which allows members the flexibility to balance capacity allocation and equity between all customers as this new service is implemented across the different jurisdictions.
- » ENA believes that a non-binding guideline is the best approach at present for both DNSPs and the AER to give stakeholders confidence that customers are treated fairly and there is flexibility to manage new and emerging issues as they arise.
 - To this end, ENA would like to propose some sample wording for a non-binding guideline.
- » More evidence is needed to identify and understand the potential risks of harms to customers. The industry needs a clearer understanding of the nature of these harms before we introduce regulation to mitigate them.

ENA strongly supports a principles-based approach

ENA strongly supports a principle-based approach as we believe this achieves the best balance between better, fairer outcomes, flexibility and cost of implementation for the many different types of customers across the National Electricity Market (NEM).

As noted above, customers' circumstances and the state regulatory frameworks vary significantly throughout the NEM. This can result in very different situations that may lead to radically different views on how export limits are delivered, managed and funded.

For this reason it is too early to create a stringent compliance regime as the industry does not yet have a good grasp of what kinds of circumstances may arise in the course of delivering this new service for customers. ENA suggests that the AER continue to monitor and gather more evidence before creating binding measures for all customers who could be at different stages of needing or wanting an export service.

A non-binding guideline is currently the best approach

ENA strongly recommends that the AER be given the maximum amount of discretion to account for different jurisdictions' regulatory framework and networks' situations. Similarly, networks are also in the early stages of providing these services for customers and must have some flexibility within the national and their respective state regulatory framework to deliver best outcomes for customers. A single solution that works for all is highly unlikely.

Given the broader reform work program foreshadowed by the AER for Future Energy Services and for a National Consumer Energy Resources Roadmap, at this point in time a non-binding guideline is the best approach. This will give confidence to stakeholders that the topic is being closely monitored by the AER while providing flexibility to networks to accommodate different types of customers and circumstances, alongside new above-mentioned reforms.

Potential wording for this non-binding guideline may include a phrase such as "[DNSPs] should demonstrate that they have had regard to the principles in their approach."

More evidence of harms and risks is needed

We support the AER's desire to be proactive in identifying and mitigating risks to customers on this new, but increasingly important issue.

However, there is a clear need to better identify, understand and articulate the types of harms that an extensive compliance framework would be aimed to mitigate. We do not want to overprescribe a new service in a way that leaves little room for innovation and flexibility to resolve potential issues.

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 Networks

[Redacted contact information]

Yours sincerely,

[Redacted signature]

Dor Son Tan

Head of Distribution Networks