

19 January 2024

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Australian Energy Regulator  
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Submitted via email to [AERinquiry@aer.gov.au](mailto:AERinquiry@aer.gov.au)

Dear Mr Feather

### **Australian Energy Regulator – Draft Interim Guidance Note on Export Limits**

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex), both distribution network service providers (DNSPs) operating in Queensland, welcome the opportunity to provide comment to the Australian Energy Regulator (AER) on its *Draft Interim Guidance Note on Export Limits (Guidance Note)*.

Ergon Energy and Energex support the development of a principles-based Guideline that promotes transparency in how DNSPs allocate capacity. In our view a non-binding approach enables the market to evolve and create a fit-for-purpose framework to benefit all stakeholders. We suggest principles such as fairness, maximisation of renewable energy and customer expectations are better outlined in a non-binding guideline that encourages DNSPs to respond to customers and stakeholder expectations in an efficient and timely manner.

In our view it is premature to prescribe capacity allocation methods in the National Electricity Rules (NER). Noting the emerging concepts of dynamic exports, binding principles, especially if mandated in the NER, are inflexible and onerous to amend. We consider this may lead to negative customer outcomes in terms of inability to quickly respond to technology improvements, community expectations, unintended adverse outcomes and other changes that may occur.

Energex and Ergon Energy Network supports a transparent approach with the capacity allocation methodology made available to customers. However, we do not support capacity allocation methods being detailed in the Connection Policy. The Connection Policy is prepared and submitted with the DNSP's Regulatory Proposal as part of a DNSP regulatory determination and is assessed, for the relevant five-year regulatory control period. We therefore consider that a capacity allocation methodology may require more frequent updates and should not be included in the Connection Policy. For example, following the evolution of new technologies or improvements to network monitoring, more efficient or effective capacity allocation methods may emerge. As such, a non-binding guideline is more appropriate to enable this innovation.

Ergon Energy and Energex support the provision of plain English material to customers to enable informed decision making about opting-in to flexible export limit arrangements. We agree with the AER's suggestion that information should be published on DNSP's websites so it can be updated as required. Noting the AER's statement that this reflects the dynamic nature of the information, we suggest any such requirements should not be included in the NER but outlined broadly in a suitable principles-based, non-binding Guideline.

In our view, the AER has missed an opportunity by not considering the entire dynamic operating envelope framework. While we agree the more pressing need is for export, the introduction of a framework for flexible exports in isolation of the entire dynamic operating envelope has the potential to limit opportunities for DNSPs to create a more stable and reliable network as the connection of flexible loads increases.

Finally, Ergon Energy and Energex support working to develop a considered approach of flexible export limits to ensure consumer confidence, and best practice capacity allocation practices.

Should the AER require additional information or wish to discuss any aspect of this response, please contact me on [REDACTED] or Laura Males on [REDACTED].

Yours sincerely,

[REDACTED]

Alena Christmas  
**Manager Regulatory Affairs**

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