

19 January 2023

Mark Feather
General Manager, Strategic Energy Policy and Energy System Innovation
Australian Energy Regulator
GPO Box 520
Melbourne VIC, 3001

By email: AERinquiry@aer.gov.au

Dear Mr Feather,

Re: Evoenergy's submission – AER's Draft Interim Export Limit Guidance Note

Evoenergy welcomes the opportunity to provide a submission to the Australian Energy Regulator's (AER) Draft Interim Export Limits Guidance Note.

Evoenergy owns and operates the electricity distribution network in the Australian Capital Territory (ACT) and gas distribution networks in the ACT and the Queanbeyan–Palerang Regional Council and Shoalhaven City Council local government areas of New South Wales.

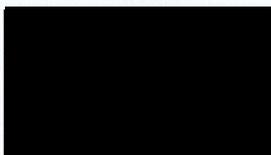
Evoenergy supports the use of guiding, non-binding, and transparent capacity allocation principles that are informed by consumer and stakeholder engagement. We look forward to working with the industry and our customers to enable flexible exports at an appropriate time to ensure efficient and prudent management of CER on our network.

The attachment provides Evoenergy's responses to the consultation questions.

Should you wish to further discuss matters raised in this submission, please contact Cameron Shields, Group Manager Regulatory Finance & Strategy at

[REDACTED]

Yours sincerely



Peter Billing
General Manager Evoenergy

Attachment – Evoenergy’s responses to the consultation questions

5.1. Capacity allocation

Capacity allocation principles

Q: What are your views on the AER’s proposed approach for amending the DEIP capacity allocation principles? Do you have any specific views on the nature of amendments required to achieve the AER’s policy objectives?

Evoenergy agrees in principle to most of the Distribution Energy Integration Program (DEIP) capacity allocation principles. However, we seek further detail on the proposed modification to principle 1 “...static export limits should not be set arbitrarily low.”

The need to impose static export limits due to network hosting capacity constraints can vary significantly within a distribution network. Historically, for ease of implementation, a single static export limit was applied to the entire network. In most cases, this static export limit was set higher than the hosting capacity, which was appropriate when there was less rooftop solar penetration. However, as the penetration of solar increases, this assumption is expected to change, and the need for an alternative to higher static export limit will become more important.

Evoenergy currently uses a static export limit of 5 kVA per phase, which is relatively high compared to most other DNSPs, but is considered by some customer advocacy groups to be arbitrarily low. Evoenergy cannot agree to the proposed modification to principle 1 unless what is considered “arbitrarily low” is defined and agreed to through stakeholder consultation.

Q: Should the capacity allocation principles be binding, and if so, should these be codified in the National Electricity Rules or set out in a binding AER Guideline?

Evoenergy does not consider that the capacity allocation principles as they stand should be binding until the DEIP principles and proposed modifications are agreed to by all stakeholders.

Capacity allocation methodology

Q: What are your views on our proposed approach for improving transparency in DNSPs’ capacity allocation methodologies? Is the guidance provided sufficiently targeted and proportionate for achieving the AER’s policy objectives? Are there any other areas where further guidance is required?

Evoenergy supports providing transparency about how static export limits are applied in our network. We agree in principle with the proposed approach of improving transparency in DNSPs’ capacity allocation methodologies and support further discussions with stakeholders to guide analysis and compare options before applying static export limits in the future.

5.2. DNSP revenue determination process

Developing flexible export limits business case

Q: What should be considered the minimum level of information in relation to hosting capacity assessment that networks should provide during their regulatory determination?

Hosting capacity assessments can be time consuming and use large amounts of network information that may be commercially sensitive. For the purposes of a regulatory determination, DNSPs should provide stakeholders with sufficient information to understand network hosting capacity, such as the capacity allocation principles used, how often the analysis is run and examples illustrating why export may be curtailed, while protecting confidential and propriety information.

Connection policy

Q: Has the AER identified relevant issues and matters relating to export limits (static and flexible) that should be addressed in DNSPs' connection policies? Are there any matters that need to be added or removed and if so, why?

The AER has proposed that DNSPs connection policies should include information about the circumstances in which consumers will have their flexible export limit reverted to a static export limit and the expected duration of this occurrence. However, this value is dynamic and can be hard to predict. It will change with time due to the changing penetration of rooftop solar and may even change over the course of a day if network configurations are altered for switching purposes.

Placing this information in connection policies could lead to obligations being placed on DNSPs' to maintain the expected occurrence duration. To achieve this, DNSPs' may need to augment their network, negating a key advantage that flexible export limits provide.

5.3. Key considerations in implementing and using flexible export limits

Connection agreements and consumer participation

Q: Should DNSPs have a positive obligation to notify consumers of non-compliance with flexible export limits once becoming reasonably aware?

Flexible export limits may become a key tool for DNSPs to efficiently manage their networks. For DNSPs that use flexible export limits, it is in their interests to rectify any non-compliance, otherwise, there is a risk that the local network can operate outside of standard tolerances. Therefore, because the incentive for DNSPs already exists, it is unnecessary to introduce new obligations on DNSPs.

Q: Should the connection agreement include provisions for amending or seeking a review of the flexible export limit? What do stakeholders consider an appropriate

minimum timeframe and circumstances for flexible export limits to be amended, while still providing investment certainty to consumers who invest in CER?

The circumstances that lead to a DNSP imposing a static export limit on an existing flexible export limit customer should be based on an analysis of the benefits of maintaining flexible export limits against the cost of network augmentation required to enable the limits. If the cost benefit analysis is negative, then a static export limit can be imposed.

Consumer and industry engagement

Q: What additional engagement or information do you consider DNSPs should undertake or provide to ensure consumers are well-informed in the decision-making process and continue to be engaged throughout the later stages of the customer journey?

As part of Evoenergy's 2024–29 electricity network regulatory submission targeted stakeholder engagement was undertaken with customers and industry on solar curtailment. Evoenergy intends to undertake additional engagement over the next regulatory period to inform its approach to flexible export limits in the future. We also intend to provide additional information on our website and in future regulatory submissions to improve customer understanding and engagement with this topic.

Q: Which stakeholders should be responsible for conveying information to consumers at each step of the consumer energy resources journey?

In general, it seems appropriate that the stakeholders with the most interaction with consumers should also be the most responsible for conveying accurate information to consumers. In the case of CER, these stakeholders are the CER installers, who, unlike Evoenergy, are usually the first point of contact for the customers in their CER journey.

However, if installers are made responsible for providing further information, efforts should be made to educate installers to ensure that the correct information is conveyed.

Evoenergy already provides information to consumers through our connection agreements and model standing offer, as well as the general information made available publicly on our website. These processes could be expanded to include additional information about flexible export limits in the future.

Compliance with technical standards

Q: Should DNSPs be required to demonstrate the compliance actions that they have taken when putting forward expenditure proposals?

No. Expenditure proposals should remain focused on the forward-looking expenditure required by a DNSP to deliver on its regulatory requirements and obligations and meet

customers needs and expectations, and not backwards looking compliance with technical standards.

Q: What are appropriate processes for DNSPs to go through if a consumer asset is identified to be non-compliant with a relevant technical standard? For example, should a customer be reverted to a static export limit (note: this would only occur after a period where the DNSP and retailer have communicated with the customer to rectify the problem)?

Processes to rectify issues with compliance of customer assets to technical standards are generally dictated by jurisdictional rules and regulations, which can differ significantly between DNSPs. In the ACT, Evoenergy is unable to physically verify CER compliance or de-energise a non-compliant CER without also de-energising the household load. This issue may be solved if DNSPs had the means to disconnect the CER only, for example, through a mechanism utilising advanced inverter capabilities.

At a minimum, non-compliance should force the CER to revert to a static export limit. However, if an inverter is non-compliant with a standard, then compliance check actions may not be performed correctly, and the inverter may continue to export at full capacity. Further, the issue of non-compliance, such as unapproved systems, is an issue currently being faced by Evoenergy and has proven difficult to remedy with the tools available to Evoenergy and the responsibilities may rest with state and territory jurisdictional authorities.

Q: Are there examples where government agencies or network businesses are already implementing practical solutions to increase compliance with technical standards?

In the ACT, physical inspections are performed by jurisdictional authorities to check compliance of inverters, which are mandated through AS/NZS 3000:2018 A2 clause 7.8.2.11 to be compliant to the AS/NZS4777 series. Further comment on this process should be sought through ACT jurisdictional authorities.

Evoenergy's requirements also mandate compliance to the AS/NZS4777 series. Evoenergy technical requirements have been updated to match Australia A settings (as used by other DNSPs in the NEM) which make it easier for installers to choose the correct settings. While Evoenergy does not physically inspect sites for compliance checks, the following activities are still performed, including:

- Approving newly installed inverters only if they are capable of technical compliance;
- Requiring installers to complete a digital commissioning form on Evoenergy's website; and
- Imposing a mandate that warranty inverter replacements use updated standards if like-for-like replacements are unavailable.

Evoenergy also has plans to test for compliance using smart metering data in the future.

Complaint handling and dispute resolution

Q: What is the role of DNSPs to co-ordinate complaint resolution, including identifying the responsible party, which may be the OEM, installer, or trader/aggregator?

The role of DNSPs to co-ordinate complaint resolution should be limited to the extent that DNSPs are affected by the complaint. If the DNSP identifies non-compliance, for whatever reason, the DNSP should follow up with the customer informing them of non-compliance and the actions that the DNSP can take, for example, disconnection of system or static export limits. DNSPs have not mediated a relationship between the customer and the installer, OEM or trader/aggregator in the past, and it does not seem efficient for the DNSP to become responsible for these relationships.