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Dear Jacquie

Ausgrid response to SAPN Market Active Solar Ring-fencing Waiver application

Ausgrid welcomes the opportunity to provide a submission to the Australian Energy Regulator's (AER) consultation on SA Power Networks' (SAPN) ring-fencing waiver application (**waiver**) for its Market Active Solar trial.

Ausgrid owns and operates a shared distribution grid that stretches from southern Sydney to the Upper Hunter Valley, including the Sydney CBD. Our network supports over 20 per cent of the national gross domestic product and over 4 million people who live or work within our network area. We see our grid as a shared, open platform, upon which a new ecosystem of products and services will evolve, with interoperability being a key enabler of this. We support the efficient evolution of the energy system in a way that reduces costs across the supply chain, while at the same time providing customers more choice and control.

While Ausgrid supports the AER proceeding with the waiver we would value the AER explaining why they consider the waiver to be necessary. In particular, we would value the AER's view as to whether Model 3 could be considered the following standard control service:

*'provision of network demand management activities for system efficiency purposes.'*¹

It would be helpful to understand whether – in the context of a limited trial – activities relating to trialling alternative ways to efficiently integrate and deliver wholesale and network demand management could be considered a standard control service.

Dynamic Operating Envelopes (DOEs) are fast becoming a vital part of Australian electricity systems as we integrate more rooftop solar. There are already three categories of entities with an interest in DOEs for rooftop solar:

- AEMO to ensure system security during minimum operational demand events;
- Distribution networks service providers (DNSPs) to ensure exports remain within distribution network capacity; and
- Energy retailers to limit costs related to negative wholesale prices.

Customers are telling us that they do not understand or are confused about why solar exports need to be curtailed. As there are multiple reasons for curtailing customers and there are multiple parties involved, there is a risk of adding further complication and confusion for solar

¹ AER (2020). SAPN 2020-25 Final Decision – Attachment 12: Classification of services. P.6.

<https://www.aer.gov.au/system/files/Final%20decision%20-%20SA%20Power%20Networks%20distribution%20determination%202020-25%20-%20Attachment%2012%20-%20Classification%20of%20services%20-%20June%202020.pdf/>.

customers if DNSPs and retailers poorly execute curtailment. This in turn risks causing customers to lose trust in the industry, which could cause delays in the transition itself.

Ausgrid supports the Market Active Solar trial to investigate different approaches to integrating signals from DNSPs and retailers into the DOEs applied to customers as well as the associated exploration of customers' understanding of and attitudes towards this. We are confident that the trial will deliver important learnings to help understand how to deliver a high-quality service to solar exporting customers while meeting the needs of an energy system dominated by renewables.

SAPN's track record of innovation, particularly on DOEs, combined with the already high penetration of rooftop solar and prevalence of negative wholesale prices in South Australia, make its network area an appropriate place to conduct this trial.

There are many other examples of DOE trials seeking to improve rooftop solar integration. This includes Project Edge, Project Symphony, Project Converge and Project Edith². Ausgrid's Project Edith trial of dynamic network pricing in conjunction with DOEs demonstrates how DNSPs can unlock flexibility and facilitate the efficient participation of customer energy resources (CER) in the energy market while staying within distribution network capacity limits. The 200 Project Edith customers, who have opted-into the trial, have an agreement for their CER to be orchestrated with retailers or aggregators in virtual power plants (VPP). We expect a further 800 customers will join the trial in 2024.

We will continue to share learnings from Project Edith across the industry and welcome further discussions with the AER on how CER could be better co-ordinated across the NEM through upcoming guideline reviews arising from including emissions reductions in the National Electricity objective. With the forecast increasing need for DOEs to manage electricity security and reliability, it may be appropriate for the AER to consider reviewing the existing ringfencing boundary as it applies to DOEs and regulate the service in the near-term.

If you have any questions about our submission, please contact Naomi Wynn, Manager Regulatory Policy on [REDACTED] or at [REDACTED]

Regards,

[REDACTED]

Alida Jansen van Vuuren
Head of DSO

² For a summary of these trials, see: <https://arena.gov.au/knowledge-bank/deip-der-market-integration-trials-summary-report/>.