Export limit guidance note

Explanatory statement

October 2024

AUSTRALIAN ENERGY REGULATOR

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1 Overview

Throughout 2022 to mid-2023, the Australian Energy Regulator (AER) led a review of the regulatory arrangements for flexible export limits as part of the Energy Security Board's Consumer Energy Resources (CER) Implementation Plan. The implementation plan sought to effectively integrate consumer energy resources (CER), such as rooftop solar and batteries, into the National Electricity Market (NEM). The primary purpose of the AER's review was to identify and assess potential gaps in the regulatory framework for implementing flexible export limits and identify actions that could address risks to energy consumers.

Flexible export limits aim to maximise the amount of CER output that can be exported into the network while minimising the need for network augmentation to accommodate the increased CER penetration. It ensures distribution network service providers (DNSPs) curtail CER outputs only when and where it is necessary to maintain network security and avoid congestion during peak solar generation periods. Flexible export limits thereby allow DNSPs to make better use of existing network capacity and is an important tool for facilitating greater CER participation in the NEM.

The development of a guidance note on export limits was a key priority action from the AER's review of regulatory arrangements. At that time, most DNSPs were concluding operational trials and were in the process of preparing business cases, as part of their distribution determinations, to implement flexible export limits more broadly. There was the need for a guidance note to provide 'interim' guidance to DNSPs in preparing business cases for expenditure to implement flexible export limits, while the AER undertook further analysis regarding the need for a rule change to address identified regulatory gaps and strengthen consumer protections.[1] Following initial workshops with stakeholders to identify the scope and content for the guidance note, we published a draft interim guidance note in November 2023 (the draft guidance note) which was subject to further public consultation which closed in February 2024.

The final version of the guidance note (the final guidance note) marks a conclusion to the extensive consultation and analysis that has taken place since the initiation of AER's review of the regulatory arrangements. We will continue monitoring industry's response to the guidance note and consider the next steps (see section 4). Figure 1 summarises the AER's approach in developing the final guidance note, while Table 1 provides a summary of our consultation process.

The final guidance note covers key considerations relating to DNSPs' design and implementation of flexible export limits to:

- establish consumer 'guard rails' and ensure all consumers benefit from the implementation and use of export limits
- promote greater transparency and consistency
- improve consumer and industry awareness and understanding

[1] See AER, Flexible export limits final response and proposed actions, July 2023, p.6.

- support the efficient uptake and operation of flexible export limits in a manner that promotes market development and maintains system security.

Figure 1 AER approach towards developing the Export limit guidance note

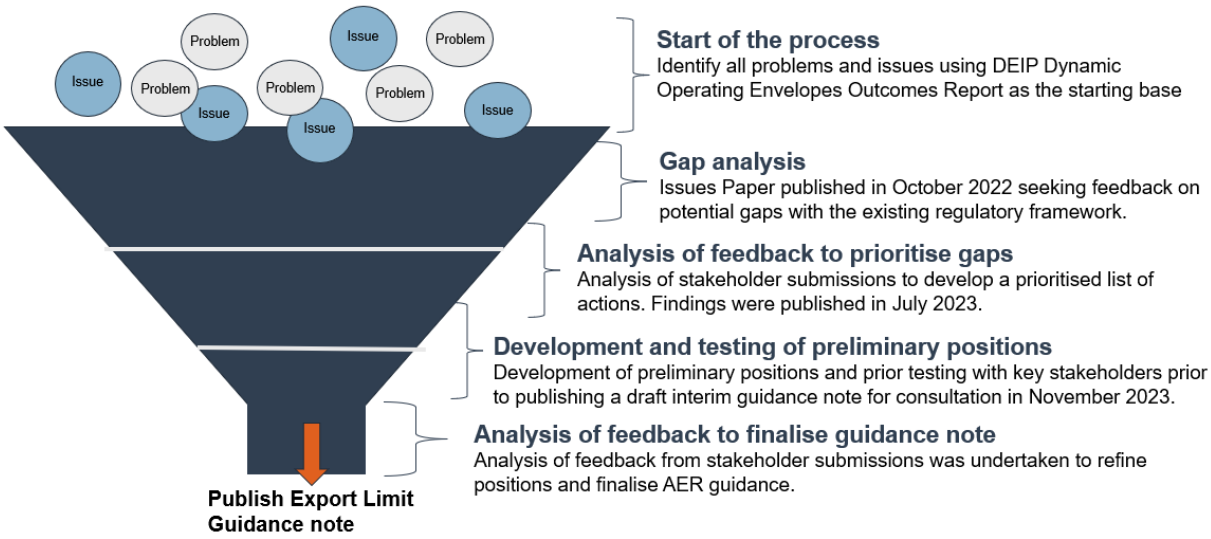


Table 1 Overview of AER's consultation process for developing the Export limit guidance note

Key steps	Purpose	Timing
Release of issues paper	Seek stakeholder feedback on regulatory gaps associated with the implementation of flexible export limits to identify priority actions.	19 October 2022
Public webinar	Provide stakeholders with the opportunity to ask questions to help clarify issues relating to the release of the issues paper.	Late November 2022
Final decision	Sets outs key findings from the AER's view and outlined a prioritised approach for addressing issues identified.	31 July 2023
Targeted workshops with key stakeholders	Test preliminary positions for guidance note ahead of publication to identify whether there were any key gaps in guidance note topics.	August-September 2023
Release draft guidance note	Seek stakeholder feedback on AER draft positions and gauge stakeholder views on need for a rule change request to formalise positions.	17 November 2023
Webinars/targeted workshops for interested stakeholders	Provide an overview to stakeholders on the content of the draft guidance note and how to make a submission, and provide opportunities for verbal feedback.	Late November 2023
Submissions on draft guidance note closed	Opportunity for stakeholders to provide written feedback on the draft guidance note.	19 January 2024
Publish final guidance note	Publish final guidance note to provide guidance to DNSPs, to support the efficient uptake and operation of flexible export limits.	October 2024

1.1 Purpose

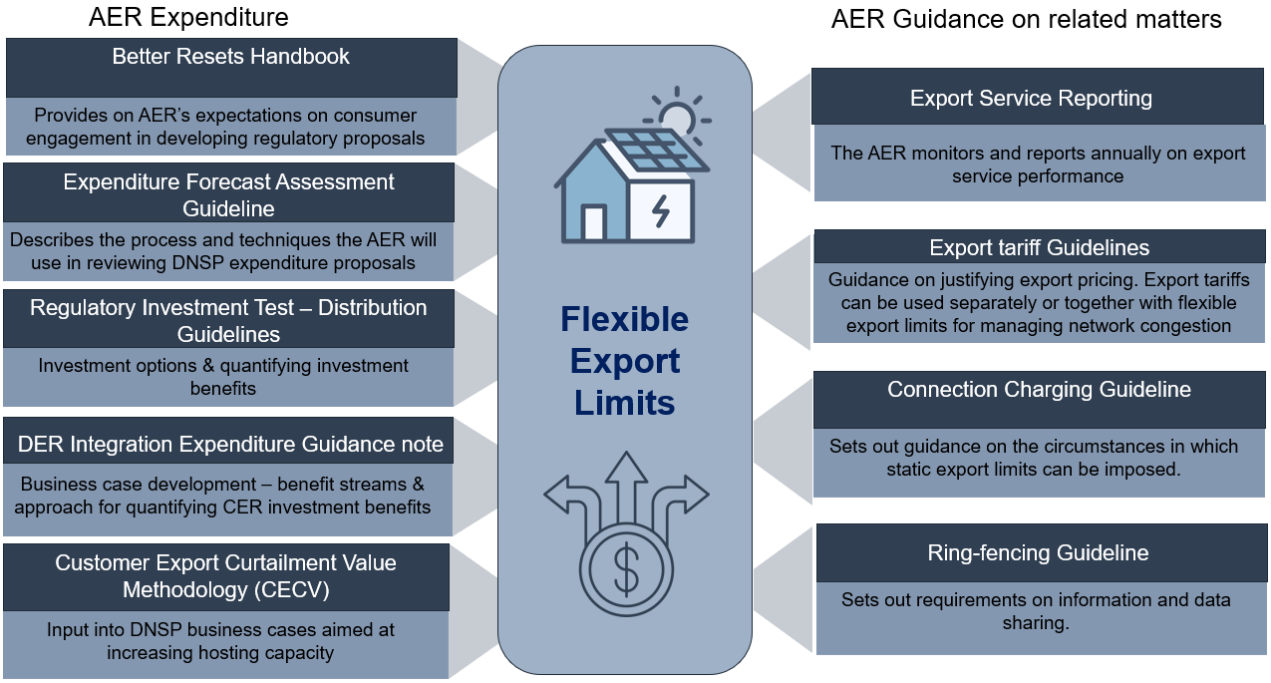
This Explanatory Statement provides context and rationale for changes between the draft and final guidance note in response to stakeholder feedback on the draft guidance note. It covers topics relating to both static and flexible export limits, explores key stakeholder themes,

concerns and issues, and outlines key next steps now that the guidance note has been finalised.

1.2 Related streams of work

Figure 2 sets out other AER guidance which are relevant to the development and implementation of flexible export limits. Our expectation is that DNSPs will have regard to the final guidance note and other guidance referred in Figure 2.

Figure 2 Overview of key AER guidance relevant to flexible export limits



There are also issues raised by stakeholders which we consider to be beyond the scope of the final guidance note and are more appropriately addressed through other workstreams led by external agencies. This includes workstreams under the national CER Roadmap[2] which the AER will input into (Table 2). Our work on flexible export limits feeds into various parts of the CER Roadmap being progressed by the CER Working Group and is most relevant for enabling consumers to export and import more power to and from the grid (Appendix A). A summary of relevant policy reforms being progressed by other agencies is also outlined in Appendix B.

Table 2 Overview of related issues being addressed under the Consumer Energy Resources (CER) Roadmap[3]

Issue	Workstream
CER technical standards compliance and enforcement	T2. National regulatory framework for CER to set and enforce standards (CER Working Group)

[2] Energy and Climate Change Ministerial Council, *'National Consumer Energy Resources Roadmap: Powering Decarbonised Homes and Communities,'* 19 July 2024.

[3] Energy and Climate Change Ministerial Council, *'National Consumer Energy Resources Roadmap: Powering Decarbonised Homes and Communities,'* 19 July 2024. See pages 14-26.

Issue	Workstream
Device capability and communications protocol	T1(1). Develop an initial set of technical standards for CER device interoperability and flexibility (CER Taskforce, supported by ARENA and DEIP) T.3 Establish secure communications systems for CER devices (CER Working Group, Energy Security and Resilience Working Group and ENA)
Consumer protection issues	C1. Extending consumer protections for CER (CER Taskforce and AER) C3. CER information to empower consumers (CER Taskforce and Energy Consumers Australia) M2(3). CER data requirements for consumer protections and switching to obtain best CER services (CER Taskforce)
Data sharing	M2(1). Defining data access rights and implementing CER data exchange (CER Taskforce and AEMO)
CER governance – defining roles and responsibilities	M3 Redefine roles for market operation (CER Taskforce and AEMC) P5. Redefine roles for power system operations (CER Taskforce and AEMO)

1.3 AER's role

As the economic regulator of energy networks in all Australian states and territories except Western Australia, we play an important role in the energy transition. We regulate gas and electricity network businesses and have a primary role in setting the maximum revenue and prices that network businesses can recover from end users of their networks. We aim to ensure consumers pay no more than necessary for safe and reliable energy and seek to promote the efficient supply and use of energy through our determinations, and monitoring and enforcement roles.

Our framework for regulating electricity networks is set out in the National Electricity Law and National Electricity Rules. Table 3 distinguishes the matters which the AER has an oversight role versus areas where the AER has no direct role in relation to matters relating to flexible export limits.

Table 3 Scope of the AER's role

AER oversight role	No direct role
• Assessing the prudency and efficiency of DNSPs' proposed expenditure, in the context of the long-term interests of electricity consumers • Assessing whether DNSPs have undertaken sufficient engagement with consumers and relevant stakeholders in developing capacity allocation methodologies, design and intended operation of flexible export limits • Assessing whether DNSPs clearly communicate how export limits interact with pricing in their expenditure proposals	• Regulating the sale, installation or operation of consumer energy resources • Compliance with, and enforcement of, technical standards • Regulating consumer rights and guarantees in relation to purchases of consumer energy resources.

2 Summary of stakeholder feedback

The AER received 20 submissions in total in response to the draft guidance note that was published in November 2023. Submissions were received from a diverse range of stakeholders including retailers and aggregators, DNSPs, market bodies, industry bodies, original equipment manufacturers, and consumer advocacy groups.

Our review of submissions found that in general, most stakeholders were broadly supportive of the role and importance of the guidance note. The following sections below provide details on key observations from stakeholder consultation and concerns raised, and how we have addressed these in the final guidance note.

2.1 Key observations

Table 4 provides a high-level summary of key areas where there was consensus and support for AER positions in the draft guidance note, and areas where there was contention and divergent views amongst stakeholders. Further details regarding areas where there were divergent views are discussed in Appendix C.

Table 4 Overview of areas of consensus and contention

Areas of consensus	Areas of contention
Stakeholders were generally supportive of the following: • Establishing capacity allocation principles and greater transparency of DNSP capacity allocation methodologies • The need for DNSPs to explain the interaction between export limits and two-way pricing in CER integration strategies • Transparent DNSP processes for handling customer complaints and resolving disputes relating to flexible export services • DNSPs' role in improving consumer understanding and awareness of flexible export and connection agreements • Clarifications regarding the development of flexible export limit business cases	Stakeholders had divergent views regarding: • The need for a rule change request • Whether capacity allocation principles should be binding • The need for consistency in capacity allocation methodologies among DNSPs • DNSP connection policies • Responsibilities over compliance and conformance monitoring • DNSPs' role in resolving disputes

2.2 Stakeholder themes

We have identified five key themes emerging from stakeholder feedback (Figure 3).

Figure 3 Summary of stakeholder themes

In developing final positions for the final guidance note, we have had regard to whether the position promotes outcomes consistent with the five themes, as follows.

- ***Promotes transparency*** – transparent, accessible information is critical for improving consumer awareness and understanding, monitoring flexible export limit performance, meaningful engagement, and promoting confidence in the use of flexible export limits.
- ***Supports genuine and meaningful engagement*** – open and collaborative discussions between DNSPs, other stakeholders, and consumers on the design and implementation of flexible export limits is necessary to support the uptake of flexible export limits and unlock the full value of CER benefits.
- ***Balances consistency and flexibility*** – regulatory arrangements need to strike the right balance between promoting standardisation and certainty in arrangements and providing sufficient flexibility to support innovation while reducing market barriers.
- ***Improves awareness and understanding*** – important for both consumers and industry stakeholders to enable consumers to make informed choices, support consistent consumer messaging, and develop new product and service offerings that help consumers unlock additional value from their CER investment.
- ***Promotes clarity of governance arrangements*** – clarity of regulatory obligations, the way final guidance note interacts with jurisdictional arrangements, and clarity on roles and responsibilities are key enablers for supporting the effective uptake and operation of flexible export limits.

2.3 Key concerns and issues

Table 5 provides a high-level summary of key issues raised by stakeholders and how these have been addressed in the final guidance note.

Table 5 Summary of stakeholder concerns and issues

Stakeholder concerns and issues	How we have addressed these in the final guidance note
Industry engagement – several stakeholders raised concerns regarding the need for DNSPs to engage with industry stakeholders in a genuine and collaborative manner.[4] These stakeholders highlighted the criticality of DNSPs engaging during the design phase of flexible export limits to support efficient market development and operations.	We have provided additional guidance on engagement topics and included examples of good industry practice. This issue is discussed further in section 3.5 of this document.
Design of flexible export limits – export limits need to be designed in a manner that is consistent with jurisdictional arrangements, market mechanisms, and outcomes from AEMC reforms.[5]	Clarifications have been made throughout the guidance note (in particular, sections 2.1, 3.2, 5.2 and 5.3 of the guidance note) to highlight the need for DNSPs to have regard to these matters. This issue is also discussed in section 3.5 of this document.
The need for further clarification on export limits and two-way pricing – stakeholder feedback on this issue highlighted the need for DNSPs to improve consumers and market participants' (e.g. aggregators, installers etc.) awareness and understanding of how these two mechanisms operate.	We made further clarifications to section 4.1 of the guidance note on matters that should be addressed in DNSPs' CER integration strategies relating to flexible export limits and two-way pricing. This issue is further discussed in section 3.4 of this document.
The need to distinguish between hosting capacity and capacity allocation – stakeholders raised concerns that the draft guidance note conflated the two issues.[6]	We have added a new section in the guidance note relating to hosting capacity to address this feedback. This issue is further discussed in section 3.2 of this document.
Concerns about the tension between capacity allocation principles – stakeholders raised concerns regarding the inherent tension between equity and cost considerations in the capacity allocation principles.[7]	We have provided additional guidance in section 3.2 of the guidance note to address these concerns. This issue is further discussed in section 3.3 of this document.
Application of flexible export limits – concerns were raised relating to the application of flexible export limits at the connection point, and the need to distinguish between different services and	We have amended the capacity allocation principles in section 3.2 of the guidance note. This issue is further discussed in section 3.3 of this document.

[4] AEC, *Draft export limit guidance note submission,* 18 January 2024, p 2; CEC, *Draft export limit guidance note submission,* 19 January 2024, p 3; Tesla, *Draft export limit guidance note submission*, 19 January 2024, p 15; and Tesla, *Draft export limit guidance note submission*, 19 January 2024, p 18.

[5] CitiPower, and PowerCor and United Energy (CPU), *Draft export limit guidance note submission*, 19 January 2024, p 4; Endeavour Energy, *Draft export limit guidance note submission*, 19 January 2024, p 6; Essential Energy, *Draft export limit guidance note submission*, 19 January 2024, p 1; Evoenergy, *Draft export limit guidance note submission*, 19 January 2024, p 5; Tesla, *Draft export limit guidance note submission*, 19 January 2024, p 1.

[6] Energy Consumers Australia (ECA), *Draft export limit guidance note submission*, 5 February 2024, p 1; and SA Power Networks (SAPN), *Draft export limit guidance note submission*, 19 January 2024, p 4.

[7] CPU, *Draft export limit guidance note submission*, 19 January 2024, p 1-2; and Endeavour Energy, *Draft export limit guidance note submission*, 19 January 2024, p 4.

Stakeholder concerns and issues	How we have addressed these in the final guidance note
technology types to ensure consistency with the AEMC 'Unlocking CER Benefits' rule change.[8]	
The need for further guidance on the term 'arbitrarily low' – further clarification required on what constitutes setting static export limits 'arbitrarily low.'[9]	We have changed the wording from 'arbitrarily low' to 'unreasonably low' in section 3.2 of the guidance note and providing further clarification on the AER's assessment approach. This issue is further discussed in section 3.3. of this document.
Ability to amend capacity allocation methodology – some DNSPs noted the need for capacity allocation methodologies to be amended within the regulatory period. These stakeholders raised concern that enshrining capacity allocation in regulatory documentation may limit innovation.[10]	We have addressed this feedback through clarifications on our position in section 3.2.2 of the guidance note. This issue is further discussed in section 3.3 of this document.
Interaction between connection policies, Model Standing Offers, and connection agreements – analysis of stakeholder feedback highlighted the need for DNSPs to improve market participants' and consumers awareness of key instruments that form the connections framework.	We have emphasised the need for DNSPs to improve awareness and understanding across a range of key topics to support consumer decision-making (sections 5.1, 5.2, and 5.3 of the guidance note). This is further discussed in sections 3.5 in this document.
Customer notifications – stakeholders raised practical concerns with the AER's draft position in relation to customer notifications.[11]	We have amended the position in relation to connection policies to address this issue (and have instead added clarifications regarding notifications to section 5.1, 5.2, and 5.3 of the guidance note). This is further discussed in section 3.5 of this document.
Duration of export limits – differing views were expressed on the duration of export limits.[12]	We have provided additional guidance on defining flexible export limit service offerings in section 5.3 of the guidance note. This issue is further discussed in section 3.5 of this document.
Conformance monitoring – several stakeholders noted the need for clarity on roles and responsibilities in relation to adhering to export	We have added a new sub-topic to section 5.4 of the guidance note. This issue is further discussed in section 3.5 of this document.

[8] Tesla, *Draft export limit guidance note submission*, 19 January 2024, p 10-11.

[9] Evoenergy, *Draft export limit guidance note submission*, 19 January 2024, p 2.

[10] Ausgrid, *Draft export limit guidance note submission*, 29 January 2024, p 1-2; CPU, *Draft export limit guidance note submission*, 19 January 2024, p 1-2; Ergon and Energex, *Draft export limit guidance note submission*, 19 January 2024, p 1; SAPN, *Draft export limit guidance note submission*, 19 January 2024, p 4.

[11] Evoenergy, *Draft export limit guidance note submission*, 19 January 2024, p 3; and SAPN, *Draft export limit guidance note submission*, 19 January 2024, p 5.

[12] Evoenergy, *Draft export limit guidance note submission*, 19 January 2024, p 3; and SAPN, *Draft export limit guidance note submission*, 19 January 2024, p 5.

Stakeholder concerns and issues	How we have addressed these in the final guidance note
limits, and the need for a conformance monitoring framework.[13]	
Performance monitoring and reporting – stakeholders considered that performance thresholds needed to be clearly defined, while DNSPs raised concerns about defining performance thresholds in connection agreements.[14]	We have added clarifications to section 5.2 and 5.3 of the guidance note. This issue is further discussed in section 3.6 of this document.
Need for AER to develop an assessment framework – stakeholders raised the need for an overarching assessment framework in the guidance note.[15]	The AER has developed a set of high-level guiding principles for export limits implementation. See section 3.1 of this document for further details.
Import limits – several stakeholders raised concerns regarding DNSP implementation of import limits.[16]	The AER maintains its position that the scope of the guidance note should be limited to export limits. See section 4 of this document.

[13] AEMO, *Draft export limit guidance note submission*, 16 January 2024, p 2,5; AGL, *Draft export limit guidance note submission*, 19 January 2024, p 7,10; CEC, *Draft export limit guidance note submission*, 19 January 2024, p 12; and CPU, *Draft export limit guidance note submission*, 19 January 2024, p 5.

[14] CEC, *Draft export limit guidance note submission*, 19 January 2024, p 11; and Tesla, *Draft export limit guidance note submission*, 19 January 2024, p 2.

[15] CEC, *Draft export limit guidance note submission*, 19 January 2024, p 1; and Tesla, *Draft export limit guidance note submission*, 19 January 2024, p 3.

[16] AEMO, *Draft export limit guidance note submission*, 16 January 2024, p 2; Australian Energy Council (AEC), *Draft export limit guidance note submission,* 18 January 2024, p 2; Clean Energy Council (CEC), *Draft export limit guidance note submission,* 19 January 2024, p 3; Tesla, *Draft export limit guidance note submission*, 19 January 2024, p 4-6.

3 Overview of key changes

The following section provides an overview of key changes made to guidance note topics between the draft and final, and how the changes link to key stakeholder themes.

3.1 Intended use

Overview of changes made in the final guidance note	Theme
We have made changes to the intended use section of the guidance note to clarify how the guidance note interacts with other related policy reforms and jurisdictional arrangements. New guiding principles have been included in this section to provide high-level guidance to DNSPs on tailoring the design and implementation of flexible export limits to reflect their unique circumstances, promote customer outcomes, and to promote efficiency and market innovation. We have also noted that this guidance note takes an outcomes-focused approach to allow industry to adapt and evolve. These clarifications have been added to address concerns raised by some DNSPs and stakeholders regarding the potential for inconsistencies to arise between the guidance note and jurisdictional arrangements or related policy reforms.[17]	 Promotes clarity of governance arrangements

3.2 Hosting capacity

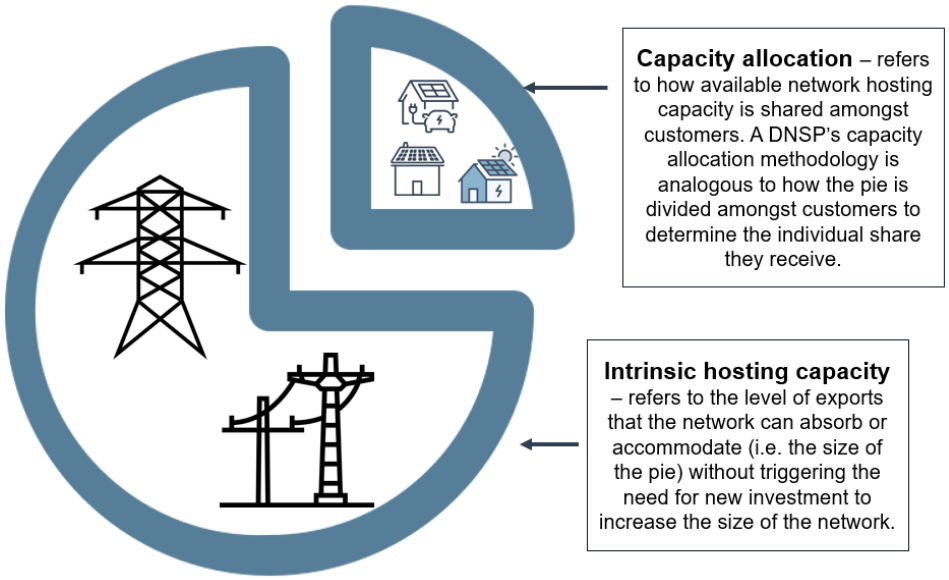
Overview of changes made in the final guidance note	Theme
We created a new section on hosting capacity to separate this topic from capacity allocation, to address concerns that the draft guidance note conflated the two issues.[18] The final guidance note encourages DNSPs to improve network hosting capacity assessments and to communicate outcomes to consumers and industry stakeholders. It clarifies the significance of such assessments in justifying network expenditure for flexible export limits and identifying non-network solutions to address capacity constraints.	 Promotes transparency

[17] CPU, *Draft export limit guidance note submission*, 19 January 2024, p 4; Endeavour Energy, *Draft export limit guidance note submission*, 19 January 2024, p 6; Essential Energy, *Draft export limit guidance note submission*, 19 January 2024, p 1; Evoenergy, *Draft export limit guidance note submission*, 19 January 2024, p 5; Tesla, *Draft export limit guidance note submission*, 19 January 2024, p 1.

[18] Energy Consumers Australia (ECA), *Draft export limit guidance note submission*, 5 February 2024, p 1; and SAPN, *Draft export limit guidance note submission*, 19 January 2024, p 7.

Overview of changes made in the final guidance note	Theme
We have outlined considerations for determining whether DNSPs have demonstrated a proper understanding of their network hosting capacity. This is important to avoid DNSPs taking an overly conservative approach in setting export limits and underutilising available network hosting capacity. To assist stakeholder understanding, we have developed Figure 4 below to highlight the difference, and relationship, between hosting capacity and capacity allocation.	 Improves awareness and understanding

Figure 4 Hosting capacity vs capacity allocation



3.3 Capacity allocation

Overview of changes made in the final guidance note	Theme
### Capacity allocation principles We have adapted the Distributed Energy Integration Program[19] (DEIP) capacity allocation principles in line with the proposed drafting outlined in the draft guidance note. Key changes from the DEIP capacity allocation principles set out in the draft guidance note include: • The establishment of new principles relating to static export limits and hosting capacity assessments (principles 2 and 3) and changed	 Promotes transparency

[19] DEIP is a collaboration of government agencies, market authorities, industry and consumer associations aimed at maximising the value of consumers energy resources for all energy users.

Overview of changes made in the final guidance note	Theme
the word 'arbitrarily low' to 'unreasonably low' which is a term more commonly understood in relation to AER's determinations. • Expanding principle 2 (now principle 4) to include considerations for balancing accuracy with complexity and supporting market development.[20] We have provided clarification on how DNSPs can seek to manage the tension between different elements of principle 2 in response to stakeholder concerns.[21] • Removal of principle 3. This was done to ensure alignment with regulatory reforms aimed at establishing market arrangements to encourage CER participation in the wholesale market.[22] • Changes to principle 5 to remove specifications around the implementation of flexible export limits, to support an accelerated roll-out and accommodate differences in jurisdictional arrangements.[23]	 Promotes clarity of governance arrangements  Balances consistency and flexibility
Capacity allocation methodology We have clarified the circumstances in which DNSPs are able to amend their capacity allocation methodology. This is in response to stakeholder feedback regarding the need for methodologies to be revised from time to time to reflect improvements in practices, technology and data.[24] We have also amended guidance on the various capacity allocation models to reflect findings from the DEIP 'DER Market Integration Trials' summary report.[25]	 Balances consistency and flexibility

[20] This aims to address stakeholder concerns regarding the potential for this to act as a barrier to the development of market services. (Tesla, *Draft export limit guidance note submission*, 19 January 2024)

[21] CPU, *Draft export limit guidance note submission*, 19 January 2024, p 1-2; and Endeavour Energy, *Draft export limit guidance note submission*, 19 January 2024, p 4.

[22] We have removed the principle "Capacity allocation can initially be based on net exports and measured at the customer's point of connection to the network" to ensure consistency with AEMC's current 'Unlocking CER benefits through flexible trading' reforms.

[23] "In the near term, flexible export limits should be offered on an opt-in basis" has been removed from this principle to reflect that some jurisdictions may seek to accelerate the roll-out of flexible export limits through jurisdictional policies.

[24] CPU, *Draft export limit guidance note submission*, 19 January 2024, p 1-2; Ergon and Energex, *Draft export limit guidance note submission*, 19 January 2024, p 1; SAPN, *Draft export limit guidance note submission*, 19 January 2024, p 4.

[25] DEIP, '*DER Market Integration Trials: Summary Report,'* December 2023.

3.4 DNSP revenue determination process

Overview of changes made in the final guidance note	Theme
CER integration strategy We have provided additional guidance to supplement the AER's 'DER Integration Expenditure Guidance Note' relating to DNSPs integration strategies. The additional guidance clarifies the AER's expectations regarding how DNSPs have considered other complementary tools, including two-way pricing, in providing export limit services. Our observations from stakeholder submissions are that the relationship between export limits and two-way pricing are not well understood by stakeholders.[26] To help improve awareness and understanding, we have provided additional information in Box 1 below, and will be publishing a two-way pricing fact sheet.	 Promotes transparency  Improves awareness and understanding

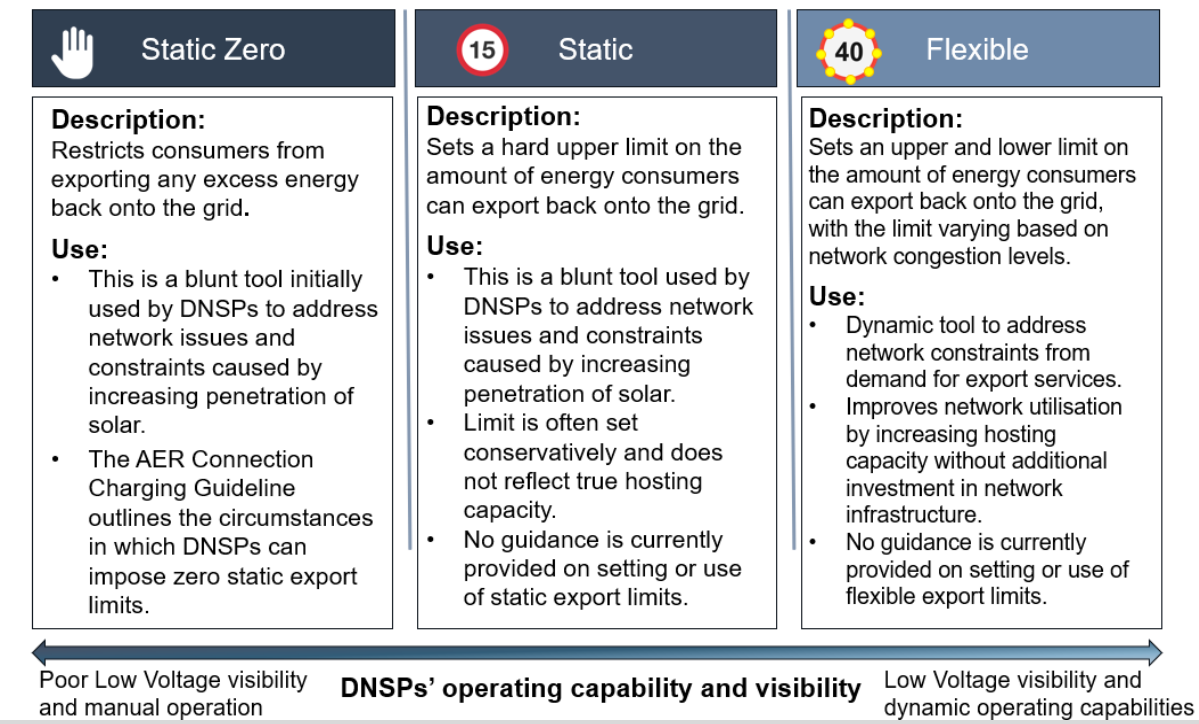
Box 1: Summary of differences between two-way pricing and flexible export limits

Flexible export limits	Two-way pricing
AIM: Sets a variable, physical, limit on export levels based on network capacity Flexible export limits improve utilisation of existing network hosting capacity by setting physical limits on the amount that can be exported by consumers and vary flexibly according to network capacity rather than being fixed which is the case under static export limits. **MECHANISM** Physical limit – imposed via the customer's connection agreement. The DNSP determines the amount that a consumer can export according to network conditions and sends signals to the consumer's customer's inverter. This physically restricts exports rather than relying on a customer's response to pricing signals to manage export levels.	**AIM: Behaviour change/demand management via pricing signals** Two-way pricing improves network utilisation by driving changes in consumer behaviour via price signals. The price signals encourage self-consumption during periods where networks face constraints in accommodating energy being exported into the grid, and encourages consumers to export during times of high energy demand. **MECHANISM** Price signals – customers are incentivised to respond to discounts or additional charges to their network tariff to encourage changes in energy usage, to help manage network constraints. It is used to reflect the long-run costs of providing export services and relies on customer's response to price signals to optimise the amount exported.

[26] Clean Energy Council (CEC), *Draft export limit guidance note submission*, 19 January 2024, p 8; Red Energy, *Draft export limit guidance note submission*, 19 January 2024, p 2; and Tesla, *Draft export limit guidance note submission*, 19 January 2024, p 13; Simple Energy, *Draft export limit guidance note submission*, 19 January 2024, p 1.

Figure 5 below provides a comparison of different types of export limits. A different threshold applicable to exports under two-way pricing is the basic export level, which determines the base level of exports that can be accommodated by networks without consumers incurring a charge for exporting back to the grid. The basic export level is a transitional measure that applies for 10-years that was introduced by the AEMC as part of the access, pricing and incentive arrangements for distributed energy resources rule change made in 2021.[27] The basic export level is used for cost recovery purposes and forms a key input during the transitional period for determining what can be recovered through two-way pricing. Further guidance on how the basic export level is calculated is provided in the AER's Export Tariff Guidelines.

Figure 5 – Comparison of different types of export limits



Overview of changes made in the final guidance note	Theme
Developing flexible export limits business case We have amended this section to reflect updates to the AER's Customer Export Curtailment Value (CECV) methodology to measure wholesale market benefits and emissions intensity profiles. We have highlighted the importance of DNSPs defining export service levels in justifying expenditure for implementing export limits. We have also provided additional guidance regarding our expectations relating to	 Promotes transparency

[27] AEMC, *Access, pricing and incentive arrangements for distributed energy resources*, Rule determination, 12 August 2021.

DNSP implementation approach, including clarification on rolling-out flexible export limits in a phased and proportionate manner.	

Overview of changes made in the final guidance note	Theme
Connection policy We have amended the problem statement and policy outcomes to clarify the issues the guidance note is aimed at addressing. We have also amended our position on customer notifications in response to stakeholder concerns about the effectiveness and practicalities of our draft position.[28] Industry engagement topics have been expanded to include customer notifications and emphasise the need for DNSPs to provide customers with visibility and access to information on export limit performance. We have also added a new "Our expectations" section to provide DNSPs with further guidance on how they can demonstrate compliance with the AER's position.	 Promotes transparency

3.5 Key considerations in designing and implementing export limits

Overview of changes made in the final guidance note	Theme
Industry engagement We have made industry engagement a stand-alone topic in the final guidance note given the significant role industry will play in the successful uptake of flexible export limits and unlocking the benefits of CER. We have expanded the engagement topics noted in table 6 of the draft guidance note in response to stakeholder feedback and have provided additional guidance on AER's expectations of meaningful engagement. Key changes to table 6 (now table 3 in the final guidance note) include: • New subheadings to distinguish between design and implementation related engagement topics. This has been added to address concerns raised by stakeholders regarding the need for DNSPs to engage with industry during both the design and implementation of flexible export limits.[29]	 Promotes transparency

[28] SAPN, *Draft export limit guidance note submission*, 19 January 2024, p 5; and Evoenergy, *Draft export limit guidance note submission*, 19 January 2024, p 3.

[29] AEMO, *Draft export limit guidance note submission*, 16 January 2024, p 2; AGL, *Draft export limit guidance note submission*, 19 January 2024, p 5; and Tesla, *Draft export limit guidance note submission,* 19 January 2024, pp 7-9.

Overview of changes made in the final guidance note	Theme
• Amendments to the application point for flexible export limits to promote consistency with current AEMC reforms aimed at unlocking CER benefits.[30] • Created separate topics for communication protocols and provision of forecasting information, highlighting the need for DNSPs to consult on the intervals in which dynamic operating envelopes will be set and the timeframes within which they will communicate to market participants and AEMO. These clarifications have been made to address concerns raised regarding the interaction of flexible export limits with market mechanisms, and the impacts on market dispatch and the ability to maintain power system security and reliability.[31] • Notifications have been included as a new topic to highlight the importance of consumers receiving timely information regarding factors that may affect the performance of their export limit to promote consumer confidence in the use of flexible export limits. • A new topic on service co-optimisation has been added to promote greater collaboration amongst DNSPs and industry stakeholders in designing flexible export limits to maximise consumer benefits. • A new topic on service levels has been added to ensure service levels are provided in a way that enables consumers to participate in market offerings and access additional revenue streams from their CER assets. Clearly defined service levels are a critical enabler for performance monitoring and allow consumers to determine whether they are receiving the level of service that was communicated to them in signing-up to a flexible connection offer. • New implementation topics have been added relating to connection agreements and connection policies, technical compliance, and conformance monitoring.	 Improves awareness and understanding  Genuine and meaningful engagement

[30] AEMO, *Draft export limit guidance note submission*, 16 January 2024, p 3 and Tesla, *Draft export limit guidance note submission,* 19 January 2024, pp 7-9.

[31] AEMO, *Draft export limit guidance note submission*, 16 January 2024, p 1; Tesla, *Draft export limit guidance note submission,* 19 January 2024, pp 7-9; and Rheem and CET, *Draft export limit guidance note submission,* 18 January 2024, p2.

Overview of changes made in the final guidance note	Theme
Consumer understanding and interest Amendments have been made to the problem statement to better clarify the issues the AER is seeking to address and the policy outcomes to be achieved. We have also emphasised the role of DNSPs in supporting transparent consumer messaging throughout the CER journey and the need for accessible information about anticipated and actual service outcomes, which is essential for public acceptance and uptake of flexible export limits.	 Improves awareness and understanding
Connection agreements and consumer participation We have amended this section to better accommodate differences in jurisdictional policy and regulations which may drive a more accelerated implementation of flexible export limits. It clarifies that, in the absence of any jurisdictional requirements or policies, our guidance note is intended to provide a 'baseline' approach for implementing flexible export limits to promote consistency and provide 'guard rails' for consumers. It specifies the need for DNSPs to tailor the design and implementation of flexible export limits to reflect jurisdictional arrangements, in response to concerns raised by DNSPs.[32] We have also amended table 4 topics relating to terms and conditions for flexible export limits to include customer access to information about export limit performance and curtailment. Further clarification has been added to the service offering topic regarding the minimum period in which flexible export limits should apply to provide consumers with investment certainty. To address concerns regarding low levels of consumer awareness regarding Model Standing Offers and DNSP connection policies, we have emphasised the need for DNSPs to prepare digestible and accessible information relating to connection agreements and the connection framework to improve consumer understanding.[33] This should include information on how the introduction of flexible export limits may impact on existing customers. To assist in improving understanding of the connection framework we have provided information in Box 2 below to explain the differences and relationship between DNSPs' connection policy, Model Standing Offers, and customer connection agreements.	 Promotes transparency  Promotes clarity of governance arrangements  Improves awareness and understanding

[32] Endeavour Energy, *Draft export limit guidance note submission*, 19 January 2024, p 5; Essential Energy, *Draft export limit guidance note submission*, 19 January 2024, p 1; and Evoenergy, *Draft export limit guidance note submission*, 19 January 2024, p 5.

[33] CEC, *Draft export limit guidance note submission*, 19 January 2024, p 11.

Box 2: Connection policies, Model Standing Offers, and connection agreements

What is a connection policy?

A connection policy sets out the circumstances in which a DNSP may charge a capital contribution towards the cost of a new connection or connection alteration and sets out the circumstances in which zero static export limits can be imposed. The National Electricity Rules (NER) outline the minimum required contents that must be included in DNSP connection policies, how connection charges are to be calculated, and the need for connection policies to be consistent with the AER's connection charging guidelines.[34] DNSPs must submit a connection policy for AER approval each regulatory period.

What are the contractual relationships?

The National Energy Retail Rules establish a direct contractual relationship between distributors and customers. There are two types of contractual relationships under the connection framework – these include 'deemed standard contracts'[35] for existing customers, and connection agreements for new customers which are based on the Model Standing Offer (Figure 6).

What are deemed standard connection contracts?

'Deemed standard connection contracts' refers to contracts with connected customers which are deemed to be entered into by DNSPs and retail customers connected to the network. The terms and conditions of these contracts are set out in Schedule 2 to the National Energy Retail Rules (NERR) as a model contract and apply to all existing customers by default. DNSPs must adopt and publish a standard form of connection contract consistent with Schedule 2 with allowable inclusions and variations (for example, inserting the distributors' business name and ABN numbers). DNSPs may propose alternative deemed contracts for classes of large customers which must be approved by the AER. These are known as 'deemed approved standard connection contracts'.

What is a Model Standing Offer?

Under Chapter 5A of the NER, a DNSP must submit a proposed Model Standing Offer for the AER's approval. A Model Standing Offer sets out standard terms and conditions (price and non-price) for connection services provided by the DNSP to connect the customer to the DNSP's network. As shown by Figure 6, there are a range of Model Standing Offers to reflect different types of DNSP connection services. Under clauses 5A.B.2 and 5A.B.4 of the NER, DNSPs must submit for the AER's approval a Model Standing Offer for each type (or subclass) of connection service. These include offerings related to basic and standard connections services, micro embedded generation (e.g. solar PV installations) and real estate developments. Approval of Model Standing Offers is generally subject to the AER being satisfied that: 1) the connection charges are consistent with the DNSP's connection policy; 2) the terms and conditions comply with applicable requirements of energy laws; and 3) the terms and conditions are fair and reasonable.

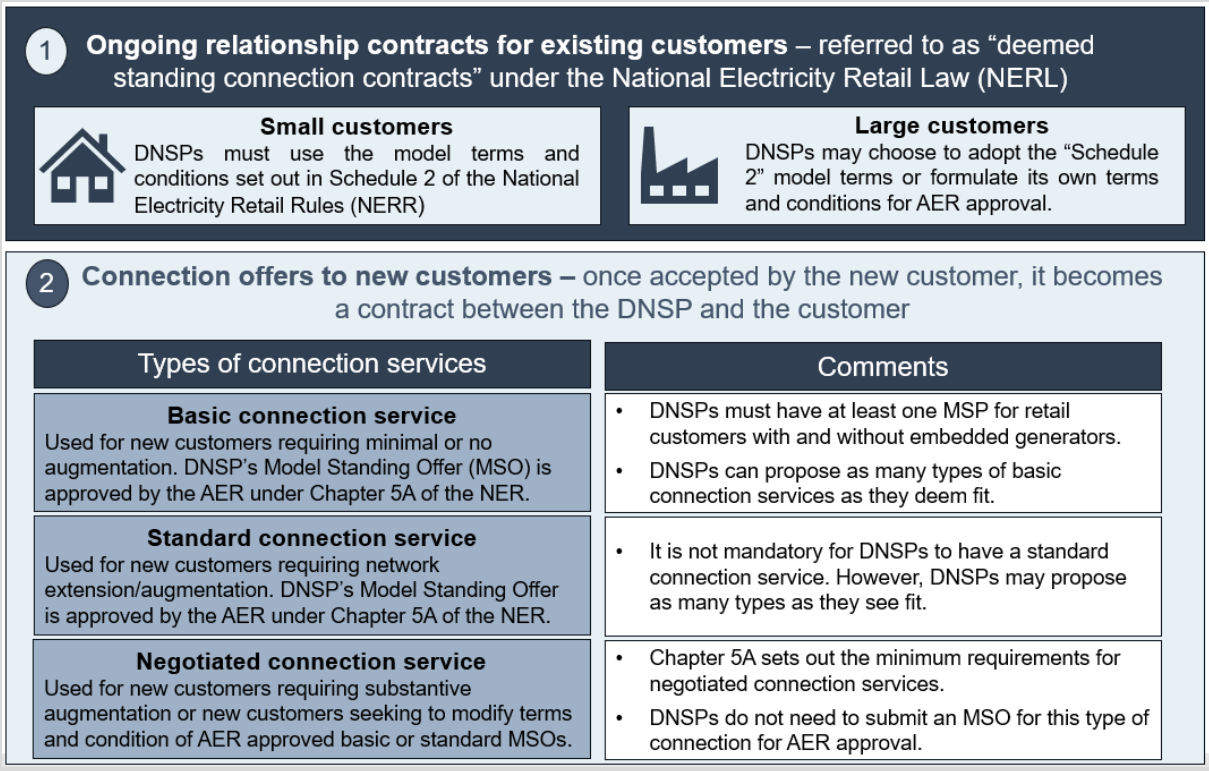
[34] See clause 6.7A of the NER.

[35] The 'deemed standard connection contract' is one which is deemed to be entered into by distributors and retail customers connected to the network.

What are connection agreements with new customers?

DNSPs must make connection offers to new customers for basic or standard connection services in accordance with the relevant approved Model Standing Offer (NER, clause 5A.F.1). Once the new customer accepts the offer, a connection agreement (contract) is formed between the customer and the DNSP (NER, clause 5A.F.5).[36]

Figure 6 Overview of different types of connection contracts and offers



[36] Noting that negotiated connection offers under NER clause 5A.F.4 do not have a Model Standing Offer.

Overview of changes made in the final guidance note	Theme
Compliance and monitoring We have made several changes to our guidance relating to compliance and monitoring in response to stakeholder feedback. A key change is to separate guidance into two subtopics covering guidance relating to DNSPs' role in ensuring compliance with technical standards and monitoring ongoing adherence with operationally assigned export limits. This change has been made to address stakeholder concerns regarding the need for clarity on arrangements for ensuring ongoing adherence to export limits.[37] We have amended the guidance on compliance with technical standards to include relevant examples and to reflect findings from AEMO's updated 'Compliance of Distributed Energy Resources with Technical Settings' report.[38] Guidance provided in the new section on monitoring ongoing compliance with the export limit draws from finding from Project Edge.[39]	 Promotes transparency  Promotes clarity of governance arrangements

Overview of changes made in the final guidance note	Theme
Complaint handling and dispute resolution We amended this section to note the significant body of work being undertaken by the CER taskforce on consumer protections and clarified the roles and responsibilities relating to CER. We have amended the "Our expectations" section to address stakeholder feedback on the need for customers to be able to access their own data, and information that should be collected to help resolve complaints and identify pathways for resolving disputes (ideally via independent dispute resolution processes for DNSP-related issues).[40]	 Promotes clarity of governance arrangements

[37] AEC, *Draft export limit guidance note submission,* 18 January 2024, p3; AEMO, *Draft export limit guidance note submission*, 16 January 2024, p 2,5; AGL, *Draft export limit guidance note submission*, 19 January 2024, p 7; and Red Energy, *Draft export limit guidance note submission*, 19 January 2024, p 3.

[38] AEMO, Compliance of Distributed Energy Resources with Technical Settings: Update, December 2023.

[39] For further details see, Project Edge, 'Fairness in Dynamic Operating Envelope Objective Functions' – a report by the University of Melbourne, Version 1, April 2023.

[40] AGL, *Draft export limit guidance note submission*, 19 January 2024, p 11; CEC, *Draft export limit guidance note submission*, 19 January 2024, p 18; Joint Ombudsman, *Draft export limit guidance note submission*, 19 January 2024, p 2; and Red Energy, *Draft export limit guidance note submission*, 19 January 2024, p 4.

3.6 Reporting

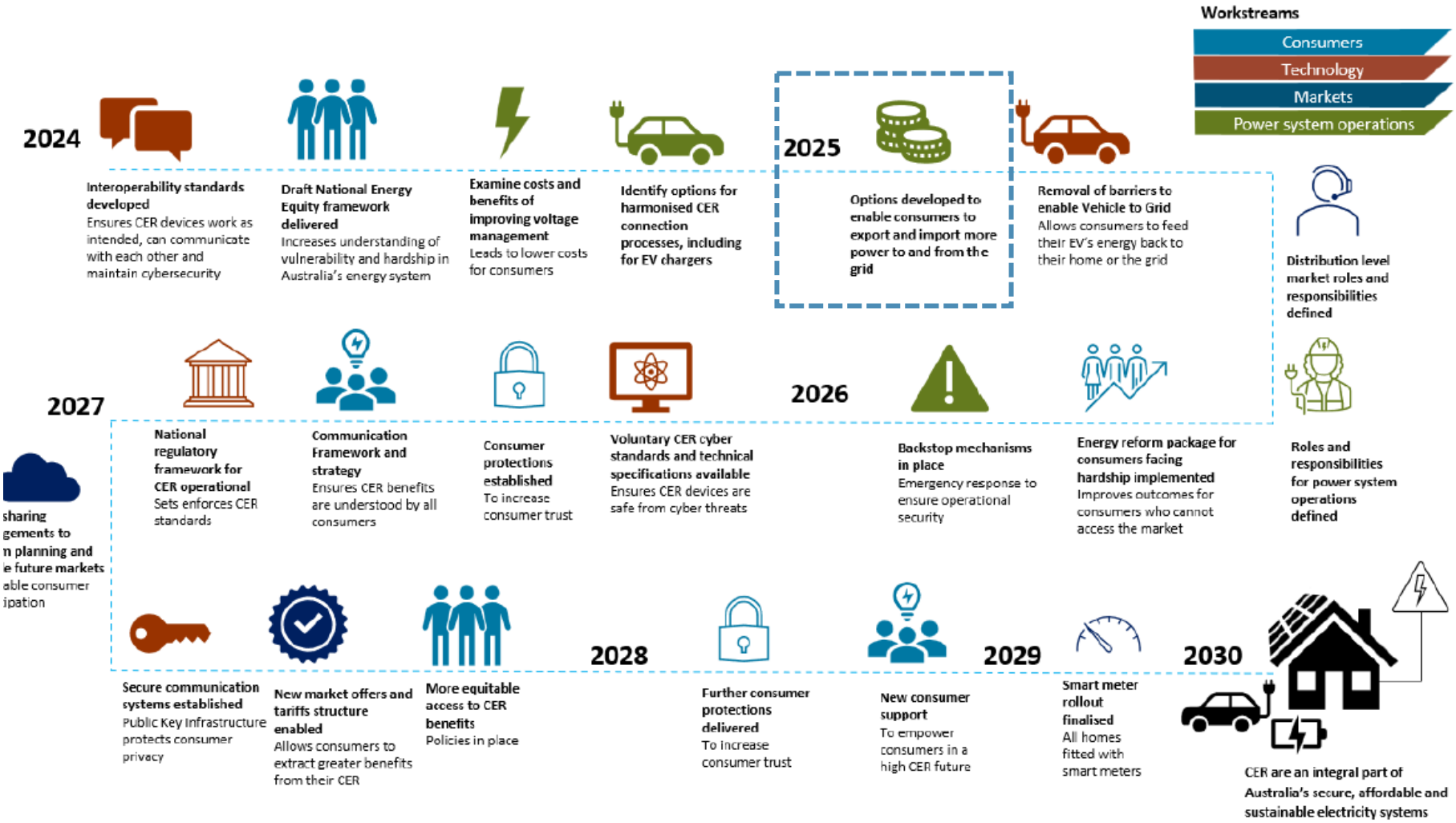
Overview of changes made in the final guidance note	Theme
DNSP reporting We amended this section to emphasise the need for DNSPs to develop a data management strategy that improves data quality, consistency, and access. We have also updated this section to note the work being progressed by AEMO, in partnership with AusNet, in co-designing a CER Data Exchange with industry.	 Promotes transparency
AER reporting We have updated this section to reflect the release of the AER's first export service performance report, which will be an ongoing annual report, and to highlight the enhancements we will make to regulatory information orders from 2025. We have also signalled metrics which might be included in the AER's export service performance report in the future.	 Promotes transparency

4 Next steps

Over the next 12 months, the AER intends to monitor DNSP adherence to the guidance note to determine whether it has been effective in addressing identified problems and promoting the intended policy outcomes. The AER will seek to monitor adherence through the distribution determination process and through the approval process for Model Standing Offers.

This approach will allow the AER to observe a broad cross section of DNSP behaviour to determine whether the guidance note has been effective, or whether there are elements that need further refinement or strengthening through a rule change request to the AEMC to ensure intended policy outcomes are delivered. We will also monitor industry movements on import limits as part of this process.

Appendix A – CER Implementation Roadmap on a page



Appendix B – Summary of related external workstreams

AEMC

Document	Description	Relevance to export limits
Integrating price-responsive resources into the NEM – rule change request	This rule change request is aimed at amending the NER to integrate CER resources into AEMO's system planning and management of the wholesale market. The rule seeks to establish new arrangements for providing greater visibility and dispatchability of CER. The AEMC's draft determination introduces a new framework known as 'dispatch mode' into the NEM, which is a voluntary mechanism that will allow currently unscheduled price-responsive resources to be scheduled and dispatchable either in aggregation or individually.	DNSP compliance approaches towards flexible export limits can have potential impacts on the dispatch of CER in the wholesale market. In designing flexible export limits, we expect DNSPs to have regard to developments under this rule change request and consult with relevant stakeholders.
Improving consideration of demand-side factors in the ISP - rule change request	The request seeks to enhance the Integrated System Plan by requiring AEMO to expand its analysis of the uptake and availability of orchestrated CER and distributed resources, and to provide greater detail about both the technical and non-technical assumptions that underpin the expanded analysis.	The rule change has recommended amendments that would require AEMO to include a statement on the expected development and operational behaviour of CER and distributed resources in the ISP. The rule change also recommends creating an obligation for AEMO to develop guidelines for gathering relevant data from DNSPs on CER and demand-side factors.
Cyber security roles and responsibilities - rule change request	The rule change request seeks to clarify AEMO's role and responsibilities in protecting the NEM against cyber security incidents. The proposed additional functions in the NER are focussed on preventing cyber incidents and preparing the industry to respond if an incident does occur.	This rule change will further help clarify the roles and responsibilities of participants in-relation to CER, specifically cyber security. We expect DNSPs to understand their own role and responsibility in cyber security in-relation to CER.

Document	Description	Relevance to export limits
Accelerating smart meter deployment - rule change request	The rule change rule seeks to deploy smart meters to all customers quickly and efficiently, achieving universal uptake by 2030. This means that customers and the broader energy system can get earlier access to the benefits offered by smart meters, lowering costs for energy consumers. A complementary rule change request has been received to give customers access to real-time metering data.	The acceleration of smart meters across Australia has the potential to improve DNSP visibility and hosting capacity ability. We expect DNSPs to have consideration to how a modern, data enabled energy system can provide opportunities for new innovative products and services, such as export limits and how this expands customers control of and choices around their energy use.
Electricity pricing for a consumer-driven future review	The review will examine how markets and regulatory frameworks can provide the products and services that best match consumer preferences, now and into the future.	This review aims to realise the benefits of CER for all energy consumers, including those without CER, and to support CER integration in the NEM.
Unlocking CER benefits through flexible trading – rule change request	The AEMC's final rule creates a mechanism that facilitates consumers and their agents (i.e. retailers and aggregators) to identify and manage flexible CER (such as EV chargers and batteries) separately from inflexible or passive energy use through the establishment of a secondary settlement point to allow for flexible CER to be better recognised in the energy market and used in the power system.	The design of flexible exports can impact upon trading arrangements. In designing flexible export limits, the AER expects DNSPs to have regard to developments under this rule change request.

AEMO

Document	Description	Relevance to export limits
AEMO compliance with DER technical settings	Sets out findings on technical compliance with AS/NZS4777.2:2020 in the NEM, the impact of non-compliance and recommendations for improving compliance.	Compliance with technical standards will be a key enabler in capturing the benefits from DNSPs utilising export limits.
Project Edge (in collaboration with AusNet and Mondo)	A trial is being conducted in the Hume region of Victoria which is aimed at demonstrating a market-based trading mechanism for virtual power plants.	The project demonstrates how consumer participation in a CER marketplace could be facilitated. It provides insights on how fairness can be modelled, highlights implications from DNSP forecasting and provides insights on key requirements for an effective conformance monitoring framework.
Project Symphony (in collaboration with Western Power and other project partners)	Project Symphony is an innovative project in Western Australia where CER will be orchestrated as a Virtual Power Plant to participate in a future energy market to unlock greater economic, environmental, customer and community benefits.	Project Symphony is a trial that demonstrates how VPP combines the energy sources of CER and orchestrates them to smooth out the supply and demand for electricity.
CER Data Exchange (in partnership with AusNet Services)	AEMO is conducting a collaborative co-design process for the first stage of the development of a national CER Data Exchange. This will provide value to all consumers through coordinating the CER industry organisations to connect, share data and coordinate operations securely.	The CER Data Exchange will seek to simplify and support CER integration through developing a common digital infrastructure to facilitate information sharing, market access and coordination across the NEM. Without adequate digital infrastructure, CER risks being poorly integrated and underutilised, denying consumers and the electricity grid their full value.

Other

Document	Description	Relevance to export limits
Project Edith (Ausgrid and other project partners)	A trial that tests how dynamic pricing signals and dynamic operating envelopes can be implemented and work with existing systems.	Seeks to validate the proposition that DER can be optimised using dynamic network prices and dynamic operating envelopes.
RACE 2030 – measuring and communicating network export quality service	Outlines metrics and use cases for communicating export service performance.	The export limit guidance note seeks to leverage the findings from this report to provide guidance to DNSPs on useful metrics for communicating their performance to consumers and stakeholders.
Enel X Commercial Refrigeration Flexible Demand Project	The project seeks to demonstrate and maximise the flexible demand potential of commercial refrigeration at retail stores and refrigerated warehouses	The project focuses on leveraging retail refrigeration and refrigerated warehouses to deliver flexible energy demand to the grid, benefiting both the participating businesses and the electricity network.
Project Converge (Evoenergy and other project partners)	The Project Converge ACT Distributed Energy Resources Demonstration Pilot aims to demonstrate new CER orchestration capabilities known as 'Shaped Operating Envelopes' which will allow DNSPs to improve network congestion management, minimise network expenditure and improve CER market bidding into energy and ancillary service markets.	Project Converge demonstrates how CER can provide network ancillary services while also bidding into energy markets. These capabilities are expected to allow CER to alleviate grid constraints caused by power quality or physical network constraints and thereby unlock further network capacity without the need for additional network investment.
DEIP	The Distributed Energy Integration Program (DEIP) is a collaboration of government agencies, market authorities, industry and consumer associations aimed at maximising the value of CER for all energy users. Led by a steering group, the forum is driven by the premise that exchanging information and collaborating on CER issues will more efficiently identify knowledge gaps and priorities, as well as accelerate reforms in the interest of customers.	DEIP is exploring the value that dynamic operating envelopes could offer to the energy transition. This includes: • building a shared understanding of the opportunities and challenges • sharing insights on approaches currently under investigation; and • identifying reforms that could be implemented to establish dynamic operating envelopes
ENA – the time is now report	Examines an "all levers pulled" scenario aimed at unlocking $7 billion in annual benefits through a set of targeted actions.	Targeted actions outlined in report relate to work being progressed by CER taskforce and note the potential role of the AER in developing a single system of connection policies and agreements for flexible devices.

Appendix C – Further details on divergent views

Need for a rule change request

Industry bodies, market bodies, and consumer groups strongly supported the AER's proposed approach of formalising its positions in relation to key topics via a rule change request to the AEMC. There were some stakeholders who considered that instead of finalising the guidance note, the AER should focus its resources on developing a rule change request.[41] Some stakeholders expressed the view that the AEMC was best placed to determine appropriate regulatory settings on issues addressed by the guidance note.[42]

In contrast, South Australia Power Networks (SAPN) and Essential Energy were not supportive of a rule change request, given that flexible export limits is still an emerging area and the risk of consumer harm had not been clearly demonstrated.[43] Endeavour Energy considered a rule change request was too early at this point in time but was supportive of this issue being reconsidered and tested in 2027 as part of the AER's export service reporting and incentives review.[44]

The AER has considered stakeholder views on this issue, and the related issue of imports limits and has reached the view that further monitoring of DNSP implementation of flexible export limits is required to support the development of a targeted and evidenced based rule change request to the AEMC. Further discussion on this issue is provided in section 4.

Whether capacity allocation principles should be binding

In general, non-DNSP stakeholders were supportive of the capacity allocation principles being binding and the need for this to be implemented via a rule change request to the AEMC. These stakeholders considered this was necessary to promote adherence to transparent and equitable capacity allocation, to support compliance, and to create a level playing field for all of industry.[45]

While DNSPs and Energy Networks Australia (ENA) were generally supportive of the AER's proposed amendments to the DEIP capacity allocation principles, they were not supportive of the capacity allocation principles being binding.[46] DNSPs considered that at this early stage, flexibility was required to adapt solutions to meet evolving consumer needs.

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[41] Australian Energy Council (AEC), *Draft export limit guidance note submission,* 18 January 2024; Simply Energy, *Draft export limit guidance note submission,* 19 January 2024; and Clean Energy Council, *Draft export limit guidance note submission,* 19 January 2024.

[42] Simple Energy, *Draft export limit guidance note submission*, 19 January 2024, p 1; AGL, *Draft export limit guidance note submission,* 19 January 2024, p2; and Origin *Draft export limit guidance note submission,* 19 January 2024, p1.

[43] See submissions from South Australia Power Networks (SAPN) and Essential Energy.

[44] See Endeavour Energy, *Draft export limit guidance note submission,* 19 January 2024, p 3.

[45] Australian Energy Market Operator (AEMO), *Draft export limit guidance note submission,* 16 January 2024, p 3; AGL *Draft export limit guidance note submission,* 19 January 2024, p 4; Clean Energy Council (CEC), *Draft export limit guidance note submission,* 19 January 2024, p 5; and Public Interest Advocacy Group (PIAC), *Draft export limit guidance note submission,* 30 January 2024, p 1.

[46] See submissions from Ausgrid, ENA, Essential Energy, Ergon and Energex, Evoenergy, CitiPower, PowerCor and United Energy (CPU), and SAPN.

The AER has considered stakeholder views and has determined that it would be appropriate for capacity allocation principles to be non-binding initially. We intend on monitoring how DNSPs implement the capacity allocation principles over the current and forthcoming determination period to determine whether capacity allocation principles need to be further refined to better achieve the AER's intended policy outcomes and to address any unintended consequences from the current drafting of the principles.

The need for consistency in capacity allocation methodologies among DNSPs

Most DNSPs were supportive of the AER's draft position that enabled DNSPs to tailor their capacity allocation methodologies to reflect differences in their operating circumstances and consumer preferences. Some DNSPs noted that flexibility to adjust their capacity allocation methodologies within the regulatory period may be required.[47]

In contrast, industry stakeholders were not supportive of DNSPs having flexibility to develop and tailor their capacity allocation methodologies as this would likely result in a fragmented approach that could distort market outcomes or act as a barrier to market development of new product and service offerings for consumers.[48]

Given that DNSPs are at different stages of operational readiness and have differing capabilities and level of network visibility, the costs associated with implementing a standardised capacity allocation methodology are likely to outweigh the associated benefits. The establishment of capacity allocation principles will assist in promoting greater consistency and transparency over how DNSPs develop their capacity allocation methodologies. This strikes an appropriate balance in providing flexibility to maximise consumer outcomes cost effectively and supporting continued innovation.

The AER will seek to monitor DNSP adherence to the capacity allocation principles as part of the regulatory determination process. Observations from this process will help inform whether there may be opportunities for standardisation as DNSP capabilities and understanding mature.

Connection policies

Most stakeholders that provided feedback on this topic were supportive of the AER's proposed approach. However, several stakeholders raised concern regarding low levels of comprehension and awareness of DNSP connection policies.[49]

Ergon and Energex were not supportive of capacity allocation methods being described in the connection policy as these may require updates throughout the regulatory period.[50] Similarly, CitiPower, Powercor, and United Energy (CPU) noted the need for capacity

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[47] Ausgrid, *Draft export limit guidance note submission*, 29 January 2024, p 1-2; CPU, *Draft export limit guidance note submission*, 19 January 2024, p 1-2; Ergon and Energex, *Draft export limit guidance note submission*, 19 January 2024, p 1; SAPN, *Draft export limit guidance note submission*, 19 January 2024, p 4.

[48] AGL, *Draft export limit guidance note submission,* 19 January 2024, p 4; and Tesla, *Draft export limit guidance note submission,* 19 January 2024, p 10-11.

[49] See submissions from CEC *Draft export limit guidance note submission,* 19 January 2024, p 11; and Australian Energy Council (AEC), *Draft export limit guidance note submission,* 19 January 2024, p 2.

[50] See Ergon and Energex, *Draft export limit guidance note submission,* 19 January 2024, p 1.

allocation methodologies to be revised and that this should be subject to an evidential threshold and supported by a cost benefit analysis. [51]

Evoenergy and SAPN identified issues associated with describing the circumstances in which consumers on flexible export limits may be reverted to static exports and the need to notify customers.[52] The AER has made changes to its position in response to the feedback received on this issue. This is further discussed in section 3.4.

Compliance and conformance with export limits

Retailers, aggregators, and original equipment manufacturers were generally supportive of the AER's position in relation to compliance. AEMO considered that conformance was an important issue that should be further detailed because it supports the security of distribution networks.[53] AGL, the Australian Energy Council (AEC) and Clean Energy Council (CEC) considered that DNSPs should have a positive obligation to notify consumers of non-compliance with flexible export limits, upon becoming reasonably aware.[54]

In contrast, Evoenergy and Endeavour Energy considered introducing a positive obligation would not improve compliance or customer outcomes as DNSPs were already incentivised to rectify non-compliance to ensure their networks stayed within allowed tolerances.[55]

The AER has made several clarifications and amendments to its position in response to stakeholder feedback on this issue. This is discussed further in sections 3.5.

DNSP role in resolving disputes

AEMO, Energy and Water Ombudsmen (New South Wales, Queensland, South Australia, and Victoria), retailers, and CEC were broadly supportive of the AER's position that DNSPs should have clear processes and should collect data to handle complaints and resolve disputes relating to export limits.

Telsa raised concerns regarding the potential for poor customer experiences if DNSPs referred consumers to a third party such as an original equipment manufacturer to resolve their issue.[56] By contrast, CPU considered that dispute resolution rightly belongs with regulators and jurisdictional bodies, noting that DNSPs lacked the resources, expertise, and visibility to take on an expanded role in assisting resolve disputes between customers and other market participants.[57]

The AER has made several clarifications and amendments to its position in response to stakeholder feedback on this issue. This is discussed further in sections 3.5.

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[51] See CPU, *Draft export limit guidance note submission,* 19 January 2024, pp 2-3.

[52] See submissions from Evoenergy, *Draft export limit guidance note submission,* 19 January 2024, p 3; and SAPN, pp 5-6.

[53] AEMO, *Draft export limit guidance note submission,* 19 January 2024, pp 4-5.

[54] See submissions from AEC, *Draft export limit guidance note submission,* 19 January 2024, p 2; AGL, *Draft export limit guidance note submission,* 19 January 2024, p 7; CEC, *Draft export limit guidance note submission,* 18 January 2024, p 12.

[55] See Evoenergy, *Draft export limit guidance note submission,* 19 January 2024, p 3; and Endeavour Energy, *Draft export limit guidance note submission,* 19 January 2024, p 5.

[56] Tesla, *Draft export limit guidance note submission,* 19 January 2024, p 16.

[57] See CPU, *Draft export limit guidance note submission,* 19 January 2024, p 6.