



Customer export curtailment value methodology

Online forum
29 November 2021

aer.gov.au

Housekeeping

- Questions may be raised at any time in the chat box.
- All questions raised today will be recorded and considered as part of the consultation.
- Please remain on mute unless speaking.
- Use the 'raise hand' function to ask a question during the discussions.
- Note that views expressed by AER staff are not to be attributed to the AER.

Agenda

Overview	5 mins
Interpreting CECV	15 mins
Estimating CECV	15 mins
Q & A	15 mins
Next steps	5 mins

Overview

- AEMC final determination provides new obligation for the AER to develop the CECV methodology
 - *CECVs will help guide efficient levels of network expenditure for the provision of export services*
 - *CECVs will be different from VCRs*
 - *CECVs may also inform the development of incentive arrangements for export services*
 - *We should consider how far into the future values are projected and whether values would change over the course of a day or year or across different customer groups*

Overview

- The AER must:
 - Publish the final CECV methodology and initial CECV estimates by 1 July 2022
 - Update CECVs annually
 - Undertake a review of the CECV methodology every five years

Interpreting CECV

- Interpreting 'value'
 - *Value of DER methodology study identifies value streams associated with increasing DER exports*
 - *Network sector costs and benefits vary significantly by location, and so are difficult to standardise*
 - *Wholesale market costs and benefits can be measured at the NEM-jurisdiction level, and could be measured by changes in dispatch costs*
 - *Under this approach, CECVs would reflect the detriment to all customers when DER exports are lower*

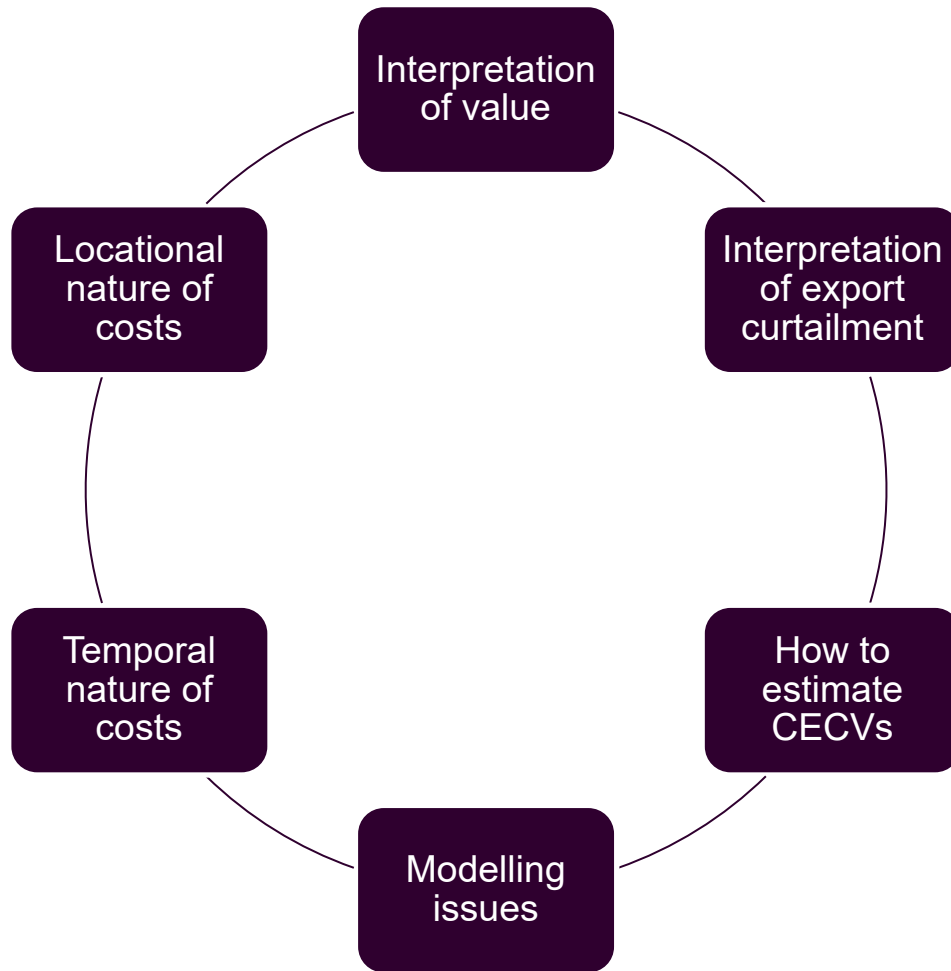
Interpreting CECV

- Interpreting ‘export curtailment’
 - *Voltage conditions are highly location-specific and temporally varied*
 - *Difficult to identify active curtailment due to overvoltage*
 - *Simpler to assume that, at a high level, export curtailment is a scenario where DER exports are lower than an expected level*
 - *Defining the expected level of DER exports requires agreement on forecasts and assumptions*

Estimating CECV

- Shorthand vs longhand approaches
- How to capture locational and temporal nature of costs?
 - *How does lower DER exports in one region impact dispatch costs in another region?*
 - *Frequency of values (hourly, daily, monthly, annually)*
 - *Forecasting changes in values over time*
- Other modelling issues
 - *Forecasting approach*
 - *Generator bidding behaviour*
 - *Interconnector behaviour*

Q & A



Next steps

