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By email to [REDACTED]

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Issues Paper: Connection Charge Guideline Review - static zero limits for micro embedded generators August 2022

AGL Energy (AGL) welcomes the opportunity to comment on the Australian Energy Regulator's (AER) Issues Paper: Connection Charge Guideline Review - static zero limits for micro embedded generators (Issues Paper) released in August 2022.

We believe there is strong potential for whole-of-system cost savings to be realised through the integration of customer energy resources (CER/DER) and the associated value streams that can be provided by the orchestration of CER assets. Over the longer term, consumers and communities will increasingly expect greater autonomy, with different options for participation and aggregation in the market, and network connection. Putting in place the right market arrangements and institutions now will open the way for innovation to support customer value while maintaining system reliability and security.

AGL is supportive of the proposed content of the AER's Issues Paper, and we offer the following to complement the AER content. We have consistently advocated that the regulatory framework governing CER integration should empower consumers with choice to utilise and optimise their CER assets (for example solar, batteries and electric vehicles) and to participate in competitive market services, which address broader energy system needs.

AGL's product and service suite promote continued consumer uptake of CER enabling customers to actively participate and share in the value that CER can provide to the electricity system. Our current CER product and service offerings include our leading-edge Virtual Power Plant, our retail offer for electric vehicle owners, and our electric vehicle subscription service. Our feedback in the following attachment is based on operational experience with CER products and services and ongoing involvement in regulatory reform.

Should you have any questions in relation to this submission, please contact Emily Gadaleta, Regulatory Strategy Manager at [REDACTED]

Yours sincerely,

Chris Streets
General Manager (a/g), Policy, Markets Regulations and Sustainability



ATTACHMENT

Question 1: Exploring circumstances where a distributor may seek to impose a static zero limit

1. Under what limited circumstances should distributors be able to impose static zero limits?

AGL supports applying static zero limits only in exceptional circumstances (if at all), only on a temporary basis, and based on the proposed preconditions. While we support the assessment framework outlined in the Issues Paper, AGL also recommends the following criteria be considered in addition to those proposed:

- Where the required investment or upgrade is not economically efficient,
- Where the network has sought to procure a curtailment service to accommodate the improved sharing of what limited export capacity there is on that part of the network from the competitive market (from existing installed systems) and has not been able to, and
- Where dynamic connection agreements have not been rolled out yet, on the condition that anyone offered a fixed zero export limit will later be offered a dynamic one if possible.

Question 2: Interaction between new and existing systems

2. Under what circumstances should we take into account equity issues when considering the application of static zero limits?

Investments in solar and batteries by households have the potential to empower customers in their interaction with the energy market and promote their long-term interests. We continue to advocate for a regulatory framework that empowers consumers with choice to utilise and optimise their CER assets and to participate in competitive market services which address broader energy system needs.

AGL's operational experience with CER products and services provides us with unique insights into the issues customers are facing. As the Issues Paper notes, a customer's ability to export can be adversely affected by new rooftop solar connections in cases where network voltage is not properly managed. A key interrelated equity issue to consider moving forward is to ensure customers retain access to utilise their solar panels and battery for self-consumption, even at times when applying static zero limits. Further consideration by the AER on this issue will be required to support customers to get the most out of their investments into solar and batteries.

Question 3: Assessment required to impose a static zero limit

3a. What are your views on networks using a 'standard approach' to decide on whether to impose a zero export constraint for each individual application?

AGL acknowledges the energy market is complex for many customers to navigate which can lead to disengagement and confusion. We consider that a 'standard approach' to decide whether to impose a static zero export constraint for each individual application is essential. A harmonised and standard approach should be adopted by all networks across all jurisdictions that is unambiguous, written in plain English and available as public information for customers.



Question 4: Information to be provided to prospective customers

4a: What information should the distributor provide the connection applicant when a distributor proposes a static zero limit and how should that information be provided?

4b: What's the best way to communicate the steps to inform customers' investment decisions? For example:

- *What type of information should customers be provided with, when should it be provided and by whom?*
- *Who is best placed to provide effective customer education before a customer makes an investment decision?*

Question 4a:

The distributor should provide the consumer with information on:

- what conditions need to be met for the network to apply the static zero export limit, and
- what the process of employing the static zero export limit will look like.

The information should be provided in writing to the customer in whatever method they prefer.

Question 4b:

Distributors should communicate all available information relevant to the customer on the static zero export limits at the time of requesting a new connection or when altering an existing connection. Distributors hold the relevant and available information to provide customers in relation to this decision and are best placed to ensure that customers receive a satisfactory experience in understanding who sets and enforces such limits.

The customer should also be kept up to date and approached proactively by the distributor with information on any updates to their connection agreements, including when their connection agreement may move to a dynamic export limit should it do so.

Question 6: Conditions to be met in the limited circumstance where a static zero limit may be imposed

6a: What conditions must be met in the limited circumstance that a static zero limit is applied? Do you consider the above controls adequate?

6b: In the limited circumstance that they are imposed, should static zero limits be subject to regular review? If so, what should the length of the period be?

Question 6a and b:

AGL supports that there should be a clear set of conditions to be satisfied in the limited circumstance where a static zero export limit is imposed. In addition to the assessment and information requirements discussed in the above answers, AGL agrees to the conditions set out on page 14 related to the state of the system and cost-benefit analysis should also be met.

AGL considers that all static zero export limits should be considered temporary and subject to periodic review every 12 months. AGL supports the AER's proposal to include a review period in the connection agreement initially imposed on the connection applicant as a requirement of the guideline that would cause the static zero limit to fall away unless a case for its continued application is made. Each customer should then be notified about the review and any impact it may have to their ability to export or whether it is able to be lifted.