

22 November 2022

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Australian Energy Regulator  
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Submitted via email to: [ConnectionChargeGuidelineReview@aer.gov.au](mailto:ConnectionChargeGuidelineReview@aer.gov.au)

Dear Warwick

**Re: Connection Charge Guideline draft determination on static zero export limits**

AusNet welcomes the opportunity to provide this submission in response to the AER's Connection Charge Guideline draft determination addressing static zero export limits. The changes represent an important clarification of existing practice of applying export limits on Distributed Energy Resources (**DER**) connections when it is not economically efficient to facilitate export. The Connection Charge Guideline will govern under what circumstances distribution network service providers (**DNSPs**) can apply static zero export limits from the start of the next regulatory period (1 July 2026 in Victoria).

We support the AER's draft determination on static zero export limits, provided that the cost benefit analysis required to justify applying these are not inefficiently burdensome. We suggest alternative drafting on this point.

The Connection Charge Guideline changes are required to implement the Australian Energy Market Commission (**AEMC**) DER access and pricing rule changes which include consideration of setting a zero static export limit. This determination sets out the reasons why DNSPs are not required to offer export capacity to all customers in concluding "there may be circumstances where it is efficient or necessary for DNSPs to apply static zero export limits."<sup>1</sup> With distributed generation becoming a very significant component of the overall generation capacity in the National Electricity Market (**NEM**), the ability to apply conditions on customers adding or upgrading solar generation or batteries is essential in maintaining a safe and reliable network for the broader community in an economically efficient manner.

AusNet continues to see strong growth in DER connections on our network, with the number of connections of rooftop solar on our low voltage (**LV**) network significantly exceeding our growth forecast in our 2021-26 EDPR in the 18 months to November 2022. Many customers who are investing in solar PV want to maximise the value of their investment by exporting energy into the grid. However, due to constraints on a distributors network there may be circumstances where investing to alleviate a customers' constraint is not economically efficient and would therefore result in upwards price pressure for all customers.

In addition, DER export is driving the peak network voltage higher on parts of our distribution network. We are required to comply with voltage management regulations in the Electricity Distribution Code of Practice that mandate compliance with AS61000.3.100. Failure to comply with this standard can result in civil penalties.

As we outlined in our response to the earlier issues paper, we are actively working to maintain our network voltage while DER capacity in our network continues, specifically by:

- Monitoring the voltage and other technical limits each distribution substation (i.e. transformer).

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<sup>1</sup> AEMC, Rule determination: Access, pricing and incentive arrangements for DER. Add reference to section 4.2 of the final determination. Page 54. Aug 2021

- Changing the transformer tap settings when confirmed that a change can improve voltage compliance.
- Undertaking the DER enablement proactive augmentation that has been funded in our regulatory determination.
- Piloting dynamic voltage management system (DVMS) on transformers to adjust tap settings to suite conditions in a multi-year program.

### **High-level and efficient screening process required**

There needs to be an efficient standard assessment framework that each distribution business can apply to assess whether a static zero export limit should be applied. This will enable us to meet our voltage management compliance obligations and the expectations of our customers, at the lowest cost.

The process outlined in the Draft Guideline needs to be streamlined. Specifically, clause 7A.1.3 of the Draft Guideline should not mandate an individual cost benefit analysis, because the minimum cost of this assessment exceeds \$2,000 per customer. The proposed drafting of clause 7A.1.3 could be interpreted as requiring a comprehensive cost assessment, which requires network augmentation design, an assessment of alternative network rearrangements, and DER uptake modelling. Undertaking a comprehensive assessment in every individual case would not be efficient and put upwards pressure on costs for all customers, while not delivering an improved level of service to any customer. To avoid this inefficient outcome and material cost increases, we recommend the guidance is provided in the final determination explanatory note to clarify that DNSPs may undertake a two-stage cost benefit analysis, with an initial assessment based on the minimum possible costs and typical, average benefits. This would focus comprehensive individual assessments to only those assessments, where the benefits exceed the minimum possible costs, that are likely to be justified or more likely to be justified.

### **Dynamic response systems must be activated to be applicable alternative to static zero export limits**

We believe that dynamic response systems (or flexible export ready systems) will facilitate more exports from DER in the future with a fairer allocation of network capacity between customers. To support this technology, the wording in clauses 7A.1.3 and 7A.1.4 should reflect that a DNSP is not prevented from applying a static zero export limit to a customer if a flexible export ready system is not available for use and to be activated at that location. While flexible export systems are a solution, they are only considered to be a solution if activated, and hence for customers that are not activated DNSPs would need to treat them as static zero export limit customers. Therefore, we recommend final determination include a clarification in the explanatory statement to allow the application of a static zero export limit where the customer does not agree to implement flexible export ready system, including internet connectivity.

We welcome further discussion with the AER on the points raised in the submission. If you have any queries on our response, please do not hesitate to contact [REDACTED]

Yours sincerely,

[REDACTED]

Charlotte Eddy  
General Manager Regulation (Distribution)  
**AusNet Services**