



Ausgrid Submission
Draft Report on Value of DER
September 2020



25 September 2020

Melanie Koerner
CutlerMerz

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CSIRO

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Submitted by email: vader@csiro.au

Dear Melanie and Brian,

Ausgrid appreciates the opportunity to comment on CSIRO and CutlerMerz' Consultation Draft Report (the Draft Report) on the Value of Distributed Energy Resources, published on 7 September 2020.

Ausgrid owns and operates the shared distribution grid that stretches from southern Sydney to the Upper Hunter Valley, including the Sydney CBD. Our network supports approximately 20 percent of the national economy, with over 4 million people who live and work within our service area every day.

We support the efficient evolution of the energy market in a way that reduces costs across the supply chain, while at the same time providing customers more choice and control. A consistent Value of DER to inform investments in hosting capacity will be crucial in achieving this. In particular, the methodology set out in the Draft Report to standardise the quantification of the wholesale market benefit of distributed solar will be key and we agree with your focus on this to date.

However, we do not agree with the exclusion of customers' willingness to pay from the Value of DER methodology. An important feature of the regulatory framework under which we operate is that our customers and advocates representing customer interests have a direct influence on the services and expected service levels from the shared distribution network. It is vital that the framework allows us to make investments in hosting capacity to the level our customers value and are willing to pay for. This is aligned with how reliability levels are currently set.

It is unclear why the Value of DER methodology would deviate from this approach of incorporating customers' willingness to pay when considering potential investments. During extensive engagement with customers in the process of developing their regulatory proposals, several distribution businesses have recently included programs to improve hosting capacity in response to strong feedback from customers that they expect networks to be able to accommodate more solar¹. In our view, the Draft Report should leave open the option of including customers' willingness to pay in its methodology.

¹ See, for example, Powercor, *Regulatory Proposal 2012-26*, p74 and Jemena, *Future Grid investment proposal, Attachment 05-04 to 2021-26 Electricity Distribution*, p9

We thank you again for the opportunity to comment on the Draft Report that marks an important first step in establishing a consistent Value of DER. If you have any queries in respect of this submission, please contact [REDACTED].

Regards,

A handwritten signature in black ink, appearing to read 'Junayd Hollis', written in a cursive style.

Junayd Hollis
General Manager - Asset Management

A scenic landscape at sunset. A paved road curves through a lush, green area with large trees on both sides. In the distance, rolling hills are visible under a sky transitioning from orange near the horizon to a clear blue. A utility pole with power lines stands prominently in the middle ground. The overall mood is peaceful and serene.

Thank you

