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Dear Mr Gulbenkoglu

AER NSW & ACT Electricity Distribution 2024-29 Determinations

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

EnergyAustralia appreciates the opportunity to participate in the AER's consultation on the NSW & ACT electricity distributors 2024-29 network determinations. This regulatory reset comes at a time where cost of living pressures conflict with the necessity for significant investment in the energy system, to enable the net zero transition. It is therefore vital the AER consider not only cost efficient operating and capital expenditure, but whether these costs and any increases to a networks RAB are justified when compared against the cost imposition on customers.

We believe the AER's assessment of efficient costs provides a basis for determining the appropriate expenditure of distribution networks but believe further emphasis should be provided to demand and export growth, and replacement related expenditure, to ensure that any expenditure based on forecasts substantiates that this investment cannot be delayed until subsequent network determinations, or until inflationary impacts are reduced. Aside from this broad concern, there are a few proposals we would like the AER to provide further consideration.

Standardised export tariffs

The AEMC's *Access, pricing, and incentive arrangements for distributed energy resources* rule change has allowed distribution networks to develop and implement network tariffs that appropriately assign the costs of supporting customer's exports within the distribution network. While the need for this change has been based on the estimation that there will be significant impacts from the prevalence of distributed/customer energy resources (CER) in the distribution network, they are being rolled out by NSW & ACT electricity distributors in this forthcoming regulatory reset, when the actual impacts are minor or non-existent.

Consistency in the export tariffs available from distribution networks would be beneficial to customers – by providing assurance that these charges were common/reasonable – and by retailers that are adopting and developing offerings for. EnergyAustralia believe it is unlikely that there is a significant difference in the network impacts (comparing distribution networks) that would justify the different price signals and intricacies proposed by the networks (simple comparison below). If there was zonal pricing, it would make some sense that there needs to be varying price signals across distribution networks, even in a single distributor; e.g. the difference between Ausgrid and Essential are likely less different that parts of the urban and the rural/remote areas Essential service.

Ausgrid
Export Reward: 4pm - 9pm - kWh for all exports
Export Charge: 10am - 3pm - kWh for all exports above the BEL (at 625kWh per quarter) [not sure how this is done per bill cycle

Essential
Export Reward: 5pm - 8pm - kWh for all exports
Export Charge: 10am - 3pm - kW for all exports within three bands (0-1.5kW BEL, 1.5-3kW Band One, >3kW Band Two)

Endeavour
Export Reward: 4pm - 8pm - kWh for all exports
Export Charge: 10am - 2pm - kW for all exports above the 2kW BEL

Evo
Export Reward: 5pm - 8pm - kWh for all exports
Export Charge: 11am - 3pm - kWh for exports above the BEL (at 5kW) [note we assume this will be billed by adding a time dimension over a billing period, but we're not sure of the mechanism]

Evo are also considering a Time of Use Off-Peak model, developed under the belief that EV customers in the ACT will all shift their charging to the Off-Peak period. While there may be an increase in consumption during this period, it is unclear how the current EV market share would result in a detrimental increase to demand in the off-peak period, and how the change to the Off-Peak structure would not have adverse impacts to the many non-EV customers that appliances operate in the Off-Peak period (hot water, slab heating, etc).

We urge the AER to consider how the export pricing proposed by the networks are justified and substantiated. Additionally, whether it would be more effective and a better outcome for customers if networks instead of penalising exports set a price signal that incentivised consumption during the periods of increased CER export; developing tariffs with a $0 solar soak period, would presumably account for any excess solar.

Embedded network tariffs (Ausgrid)

Ausgrid are proposing to implement a specific embedded network tariff, to replace the existing assigned tariff, as Ausgrid is aiming to send a more acute price signal reflecting the true impact the embedded network is having; however, the proposed tariff has no time specific element, and is purely an increased demand charge. Ausgrid assigned the existing tariffs to embedded network sites with full knowledge of their operation, these sites are already receiving a demand charge, and their existing tariff aligns with other large businesses.

To suggest that embedded networks require a change from their existing large business tariff to better reflect their consumption patterns (increased consumption when residents return at night, during the peak consumption period) would imply that any business which has an increased consumption during this period should be moved onto this new tariff; this would include some restaurants, hotels, etc.

We support cost reflective pricing, but do not believe this change has been justified, and would suggest that if there were to be a new tariff designed that it should be set up to reflect the increased consumption and the specific time which is causing the network issues, e.g. an increased rate during the peak periods. Increasing the demand charge sends no signal that demand at a specific time is causing network issues, just that total consumption should be limited.

If you would like to discuss this submission, please contact me on [redacted] or [redacted]

Regards

Travis Worsteling

Regulatory Affairs Lead