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6 May 2022

Dr Kris Funston
Executive General Manager, Network Regulation
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Dear Kris,

AER's customer export curtailment value (CECV) draft decision

Jemena Electricity Networks (**JEN**) welcomes the opportunity to respond to the Australian Energy Regulator's (**AER**) customer export curtailment value (**CECV**) draft decision. We strongly support the AER's continued engagement and consultation on issues related to distributed energy resources (**DER**). Refining expenditure assessment methodologies and tools in consultation with stakeholders will ensure that the AER is well placed to make expenditure assessment decisions that are in the long-term interests of consumers and also give certainty to businesses, including JEN, on how the AER will assess regulatory proposals.

Energy Networks Australia (**ENA**) has provided a submission to the CECV draft decision. We support the ENA's submission and the accompanying analysis provided by Houston Kemp. Houston Kemp has outlined that the AER's draft CECV methodology produces CECVs that capture only a proportion of the benefit streams associated with alleviating DER export constraints. Therefore, the AER's proposed CECV methodology underestimates the benefits of avoided DER export curtailment. We agree with ENA and Houston Kemp and consider that the CECV methodology should include avoided large-scale generation costs and associated transmission investments.

The AER's CECV draft decision and draft DER integration guidance note state that distribution network service providers (**DNSPs**) can include these value streams in their cost-benefit assessments.¹ However, this approach will create a range of different approaches across DNSPs to value the benefits of alleviating export constraints. In our submission to the AER's draft DER integration guidance note, we highlighted the need to create consistency among DNSPs' DER

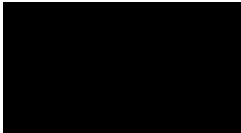
¹ AER, *Draft CECV methodology*, April 2022, p. 5.

integration expenditure business cases.² Notably, the AER's draft DER integration guidance note explanatory statement raised this issue, stating that:

- networks have adopted varying methodologies and assumptions in developing business cases for DER integration expenditure, with approaches varying depending on the scale of investment and data available
- the lack of consistency in approaches and varying levels of transparency around methodologies has made it difficult for the AER and stakeholders to assess the appropriateness of the DER integration expenditure proposals.³

We look forward to continuing to engage with the AER and other stakeholders on the CECV methodology and more broadly the AER's DER integration expenditure guidance note over the next several months. If you have any questions regarding this letter, please contact me on [REDACTED] or [REDACTED]

Kind regards,



Matthew Serpell
Manager Electricity Regulation
Jemena Electricity Networks

² JEN, *Submission on the AER's draft DER integration expenditure guidance note*, August 2021, p. 4.

³ AER, *Draft DER integration guidance note—Explanatory statement*, July 2021, p. 8.