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22 December 2021

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

Submitted electronically: AERInquiry@aer.gov.au

Dear Mr Funston,

Re: AER Issues paper: Customer export curtailment value methodology

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to provide feedback to the Australian Energy Regulator's (AER) issues paper on developing a methodology for a customer export curtailment value (CECV) methodology.

Red and Lumo support the development of a CECV methodology, as required under the Rules to calculate CECVs each year. When completed, CECVs will allow distributors to capture the economic loss to customers and the market when Distributed Energy Resources (DER), such as small-scale solar, batteries and electric vehicles, are curtailed. Under the reform, the economic loss to DER and customers from a curtailment would be captured as the expected value of the additional DER exports from a proposed augmentation.

The use of CECVs by distributors will only lead to efficient augmentations *if* the economic loss to customers and the market is accurately captured when DER is curtailed. In order for this to be realised distributors must ensure they do not attempt to capture any economic losses to justify a proposed augmentation from DER exports during negative price periods. However, in practice, DER exports which are made during negative price periods and paid feed in tariffs do not create any economic value. On this basis, they should not form part of the economic loss calculation to customers and the broader market. We recommend that CECVs are captured on a granular level, therefore we support the development of hourly CECVs applied on an intra-regional level.

Red and Lumo thank the AER for the opportunity to comment on the issues paper. Should you wish to discuss aspects or have any further enquiries regarding this submission, please call Con Noutso, Regulatory Manager on [REDACTED].

Yours sincerely



Stefanie Monaco
Manager - Regulatory Affairs
Red Energy Pty Ltd
Lumo Energy (Australia) Pty Ltd