

21 November 2022

Mr Warwick Anderson
General Manager, Network Pricing
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Sent by email to: connectionchargeguidelinereview@aer.gov.au

Dear Mr Anderson

AER Connection Charge Guideline Review – Draft Decision.

SA Power Networks welcomes the opportunity to provide a submission to the Australian Energy Regulator's (AER) Draft Connection Charge Guideline (the Draft Guideline), which provides guidance on the circumstances under which a Distribution Network Service Provider (DNSP) can impose a zero static export limit on a customer with distributed energy resources (DER eg rooftop solar).

SA Power Networks agrees with the two considerations (ie the technical consideration and the economic consideration) that are detailed in clause 7A.1.1 of the Draft Guideline.

Assessment framework for imposing static zero export limit

SA Power Networks considers that applying a bespoke assessment for each instance that a DNSP wants to apply a static zero export limit to customer would be inefficient and costly. Consequently, we support the Draft Guideline permitting a DNSP-specific, standard assessment framework to assess whether a static zero export limit should be applied (see clause 7A.1.3).

The Draft Guideline is not clear in regard to the application of a suitable dynamic response system. Clause 7A.1.3 states that a DNSP cannot apply a static zero export limit in its standard assessment framework unless the connection applicant is not utilising a suitable dynamic response system. Clause 7A.1.4 states that a DNSP can apply a static zero export limit, even if the connection applicant has a suitable dynamic response system, if the DNSP has not identified a suitable dynamic response system in a particular location.

To eliminate confusion SA Power Networks suggests that the last dot point in clause 7A.1.3 be removed and that the wording of the last sentence in clause 7A.1.4 be amended to:

“This clause 7A.1.4 does not apply where a distribution network service provider ~~does~~ ~~has~~ ~~not~~ ~~have~~ ~~identified~~ a suitable **operational** dynamic response system in a particular location.”

DNSPs are permitted to develop a standard assessment framework to determine when to apply a static zero export limit to a connection applicant. Where a DNSP develops a standard assessment framework it is required by the Draft Guideline clause 7A.1.3 to display its standard assessment framework on its

website and in its Connection Policy. We agree with the AER requirement to display a DNSP's assessment framework on the DNSPs website.

As a DNSP can develop or amend its assessment framework at any time based on new information, it would be inappropriate for that framework to be locked in for the period of the five-year Connection Policy¹. We only support inclusion of the assessment framework in a DNSP's Connection Policy where it can be amended and updated during the 5-year Regulatory Control Period.

Customer funded network augmentation where inefficient to augment

The current Connection Charge Guideline (the Guideline) 'cost revenue' test only applies to Standard Control Services (SCS) and not to Alternative Control Services (ACS). We do not apply any revenue rebate to ACS. In addition, the revenue rebate for SCS only relates to the revenue from that particular customer and does not include any future connections of customers as proposed in the Draft Guideline.

We note, the current Guideline only requires additional customers to contribute towards the augmentation (ie extension) where the customer(s) connects within 7 years of the original customer being connected. Due to the rapidly changing nature of the DER environment, it is not possible for DNSPs to accurately forecast additional DER connections over 30 years (residential) and 15 years (non-residential) to determine the revenue rebate that would apply under the proposed clauses 7A.1.10 and 7A.1.11.

We consider that DNSPs should only have to forecast for 7 years for the additional DER connection. This aligns with the 7-year period for providing revenue rebates towards a customer paying to augment the network to increase the DER hosting capacity.

If you have any queries about this submission, please contact [REDACTED] on [REDACTED] or telephone [REDACTED]

Yours sincerely,

[REDACTED]

Mark Vincent
General Manager Strategy and Transformation

¹ A DNSP's Connection Policy is approved by the AER and applies for the 5-year Regulatory Control Period and cannot be amended for that 5-year period.

