

9 September 2022

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

Via email to [REDACTED]

Dear Mr Anderson,

**Re: Connection Charge Guideline Review – Issues Paper**

Simply Energy welcomes the opportunity to provide feedback on the issues paper for the Australian Energy Regulator's (AER) review of the Connection Charge Guideline in relation to static zero export limits for micro embedded generators.

Simply Energy is a leading energy retailer with approximately 700,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. Simply Energy is owned by the ENGIE Group, one of the largest independent power producers in the world and a global leader in the transition to a zero-carbon economy. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

Since March 2018, Simply Energy has also been leading VPPx, which is an ARENA funded project to build the first virtual power plant (VPP) that integrates with a distributed energy market platform. Simply Energy is collaborating on this project with several partners, including technology vendors GreenSync and SwitchDin, and distribution network service provider (DNSP) SA Power Networks.

Broadly, Simply Energy agrees that a static zero export limit should only be offered to a micro-embedded generator in exceptional circumstances. We consider it is prudent for the AER to consider the circumstances that may be exceptional for the purposes of a static zero export limit.

In this submission, Simply Energy provides feedback to each of the questions set out in the issues paper. Overall, Simply Energy considers that transparency and upfront information are critical to ensuring that consumers can make informed decisions in relation to installing a solar PV system or significantly altering a solar PV system.

**Feedback on the questions posed in the issues paper**

**Question 1:** Under what limited circumstances should distributors be able to impose static zero limits?

Simply Energy broadly agrees that a static zero limit should only be imposed in exceptional circumstances where there are no operational means to manage the constraint and no demonstratable efficiency in upgrading part of their network to accommodate the export.

As increased uptake of storage devices over time will help ease issues with network voltage and asset management in the medium-term, this may strengthen the case for ensuring there is a robust process to avoiding significantly expensive and inefficient network augmentations in the short-term.

In relation to the AER's suggestion that the connection application process may be the appropriate mechanism to impose a static zero limit, our initial concern is the negative customer experience that may arise. While this is discussed in more detail in question four, we note that relying on the connection application process will mean that customers will have already made their investment decision (based on their valuation of a combination of self-usage and export) when they are informed that a static zero limit will be imposed on their solar PV system.

**Question 2:** Under what circumstances should we take into account equity issues when considering the application of static zero limits?

Simply Energy considers that any calculation to assess the reasonableness of imposing a static zero limit should take in account the customer's individual circumstances, network constraints and limitations, the costs of any necessary augmentation, and the potential effects on other customers.

Simply Energy suggests that equity issues are important and that the AER should apply a principle that ensures that consumers are not be required to incur significant financial detriment to cross-subsidise the costs incurred to accommodate the investments of another consumer. We envisage that such a principle would cover scenarios where costs are imposed on consumers who are unable or unwilling to purchase their own rooftop solar PV systems, as well as where costs are imposed on consumers who have an existing investment in a solar PV system.

**Question 3a:** What are your views on networks using a 'standard approach' to decide on whether to impose a zero export constraint for each individual application?

**Question 3b:** If you consider a 'standard approach' to be inappropriate, what depth of analysis or study should networks be required to do in the limited circumstance where a static zero limit may need to be imposed? What would be the likely costs of this level of study? Should the costs of the study be charged on a requester or treated as a general network administration cost?

Broadly, Simply Energy would not support a 'standard approach' being solely relied upon in relation to a DNSP's decision to offer a static zero limit. We do, however, believe that setting out the 'standard approach' could help consumers to understand the information that the DNSP will consider when assessing their connection application.

It may be reasonable for the DNSP to apply a 'standard approach' in the first instance, and then further consider the customers' individual circumstances if the 'standard approach' suggests that a static zero limit should be offered. Such an approach would reflect that a full power quality survey may be a significantly costly and time intensive exercise.

We would also be interested in the AER's views on dispute resolution procedures available to a consumer if their DNSP offers a static zero limit on their solar PV system. The energy ombudsman may not be the appropriate body to address complaints related to the technical assessment of whether a static zero limit is appropriate in the circumstances.

**Question 4a:** What information should the distributor provide the connection applicant when a distributor proposes a static zero limit and how should that information be provided?

**Question 4b:** What's the best way to communicate the steps to inform customers' investment decisions? For example:

- What type of information should customers be provided with, when should it be provided and by whom?
- Who is best placed to provide effective customer education before a customer makes an investment decision?

Simply Energy urges the AER to ensure that distributors are required to provide consumers with transparent and upfront information on a decision to offer a static zero limit. We believe it is critical that consumers are informed of this decision (or the risk that such a decision may occur) before they install a solar PV system or significantly alter an existing solar PV system.

Simply Energy considers that both consumers (and their solar installers) may be better equipped to make investment decisions if distributors make available up-to-date statistical and geographical information on recent export limits granted by the DNSP. Simply Energy would also support DNSPs publishing more information on where constraints exist in their networks (such as where static zero limits have been imposed) or may be arising in their networks (such as through high penetration of solar PV systems, relevant power quality surveys in the local area, and/or increased frequencies of voltage disturbances). We accept that DNSPs will not be able to provide 100 per cent accurate information to a consumer on whether the circumstances of their connection would result in a static zero limit being offered, however, providing transparent information should give consumers a good indication of the risks they may face if they decide to progress with their solar PV installation or significantly alter their existing solar PV system.

We consider that DNSPs should be the party that communicates directly with the consumer to educate them ahead of their investment decision. As the DNSPs are the decision maker in this instance, and will be the main party to any dispute, it appears appropriate that the DNSP provide consumers with information about issues that may arise with their connection agreement.

**Question 5:** Are there exceptional circumstances where it would be appropriate for a distributor to impose a static zero limit where it has already been funded under revenue determinations to augment the network?

Although the DNSP has funding to augment the network in these circumstances, there may be a transitional period where the works are not yet completed but constraints exist that justify imposing static zero limits. As per our responses to previous questions, Simply Energy considers it is critical that consumers are informed of a potential static zero limit before making an investment decision. In this context, the DNSP may be able to inform consumers that the static zero limit will only apply for a temporary period while augmentation work is completed.

**Question 6a:** What conditions must be met in the limited circumstance that a static zero limit is applied? Do you consider the above controls adequate?

**Question 6b:** In the limited circumstance that they are imposed, should static zero limits be subject to regular review? If so, what should the length of the period be?

Simply Energy is comfortable with the conditions proposed in this section of the issues paper. We consider that static zero limits should be considered temporary constraints and should be regularly reviewed. It may be appropriate for the static zero limit to lapse after a specific period, unless the DNSP proactively undertakes an assessment before the expiry and determines that the static zero limit remains crucial to maintain network security for a further period.

**Question 7:** At locations where it is not prudent nor efficient to augment the local network to increase the rooftop solar hosting capacity, should customers bear the cost for network augmentation if they wish to avoid export limitation?

In practice, the benefits from exporting to the grid would be unlikely to exceed the costs set out in the issues paper in relation to upgrading local supply transformers. Simply Energy would support a mechanism to enable consumers to fund the augmentation if they decided to do so, but this would need to have adequate safeguards to ensure that consumers understood the costs involved and that DNSPs demonstrate that there are no other economically viable options to accommodate the consumer's export over the medium-term.

**Question 8:** Do you consider that the above charging practice is reasonable? If not, what do you consider is a reasonable charging practice?

No comments on this question.

### Concluding remarks

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Matthew Giampiccolo, Senior Regulatory Adviser, at [REDACTED]

Yours sincerely

**James Barton**  
General Manager, Regulation  
Simply Energy