

6 May 2022

Dr Kris Funston
Executive General Manager, Network Regulation
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Dr Funston,

Re: Draft Customer Export Curtailment Value Methodology – Explanatory Statement

Simply Energy welcomes the opportunity to provide feedback on the explanatory statement for the draft Customer Export Curtailment Value (CECV) methodology.

Simply Energy is a leading energy retailer with approximately 730,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. 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.

Simply Energy's submission provides feedback on the questions outlined in the explanatory statement.

Interpretation, estimation, and application of CECV

Question 1: What are your views on the value streams to be captured in the CECV?

Simply Energy considers that the CECV should ideally capture all possible Distributed Energy Resources (DER) value streams (as summarised in table 2.1 of the explanatory statement). However, we acknowledge there is a possibility of wide variations in 'network sector' value streams, which may necessitate distribution businesses estimating some value streams outside of the CECV. At a minimum, we would expect that the CECV capture the 'wholesale market' and 'customer' value streams.

Question 2: What are your views on our interpretation of customer export curtailment and the concept of the alleviation profile?

Simply Energy agrees with the summarised stakeholder responses that curtailment is a scenario where DER exports are lower than an expected level. An alleviation profile would seem an appropriate way to estimate the DER that would need to be curtailed if no appropriate network investment is undertaken.

Question 3: What are your views on our interpretation of the distribution of costs and benefits, including the relationship between CECVs and export charges?

Simply Energy does not believe that CECV's should be estimated according to specific customer groups as ultimately the effects of curtailment will have an impact on all customers regardless of whether they have DER or not.

We agree that distribution businesses should have to demonstrate how their proposed pricing structures will affect customer demand for consumption and export services, whilst making best use of existing infrastructure and deferral of investment where possible.

Question 4: Do you agree that half-hourly CECV estimates are appropriate?

We believe that the half-hourly CECV estimates should adequately represent the differences in marginal export value over the course of a day. While five-minute estimates would provide a more comprehensive view, it is questionable whether there would be sufficient additional value by maintaining a greater level of estimate accuracy beyond what is proposed at the half-hourly level.

Question 5: Do you agree that CECV estimates for each NEM region are appropriate?

Overall, we agree with the approach of estimating CECVs by NEM region. Simply Energy considers that distribution businesses should retain the ability to obtain location-specific CECV's where there are significant variations that contrast with remaining network characteristics (for example, significantly higher or lower rooftop solar PV installations).

Question 6: Do you have any views on the model inputs and assumptions and the process of estimating CECVs?

No feedback.

Question 7: Do you have any views on the factors we should consider in updating CECVs annually, as well as potential triggers for reviewing the CECV methodology prior to the five-yearly review?

Simply Energy supports the proposal to undertaken annual updates of CECV estimates and a review of the methodology once every five years. We note that the market is transitioning rapidly, through both technology development and regulatory reform, so there will likely be a case to revisit the methodology at a shorter interval in the short-term.

Question 8: Do you support the DNSP model allowing for the self-selection approach?

Question 9: Do you support the DNSP model allowing for the characteristic day approach?

Question 10: Do you support the DNSP model allowing for the ranking of characteristic days approach?

Question 11: Do you have views on the ranking of characteristic days?

Simply Energy does not have any specific views on the most appropriate DNSP model that should be used within the CECV methodology. If the AER were to rely on a self-selection approach that provides distribution businesses with additional flexibility, we would expect that the distribution businesses would be required to be transparent with its modelling and inputs and would consult on these with stakeholders.

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

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Yours sincerely

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James Barton
General Manager, Regulation
Simply Energy