AUSTRALIAN ENERGY MARKET COMMISSION

HAVE YOUR SAY: MAKING ROOM FOR MORE SOLAR AND NEW TECH ENERGY DRAFT DETERMINATION 25 MARCH 2021

The AEMC today released a draft reform package designed to open a solar gateway to the electricity grid. We can decarbonise faster and for less cost if we change the power system to allow more customers to connect solar and make it more worthwhile for them to install batteries. We've suggested a way to do that, but we want to know what you think.



More than 2.6 million small solar owners have led the charge. This big, fast change will continue – within a decade, half of all energy users will be using some form of local energy option like solar.





Better manages the flow of electricity in the power system, smooths out demand peaks and troughs over the day, gets more from the poles and wires we already have.

What does a smart system look like?



Customer preferences drive network tariff design and the solar export services they get

But to keep up we have to use the system smarter

The system wasn't designed for power flowing both to – and from – consumers. Because of this, so much solar potential is locked away. Not everyone can export their solar energy because of daytime 'traffic jams' on the network. This problem doesn't affect all solar owners yet, but it's getting worse. If we don't act, the system will reach its technical limits. Then, power networks will have to severely limit power exports or build costly new poles and wires to cope with the new solar on its way. Either way, we will all pay, so we need a smarter, cheaper way to use the grid. The sun is free, but poles and wires are not, so planning ahead

will avoid costly over investment and crisis solutions down the track.



Works for everyone, whether they have solar or not, and distributes the benefits of solar evenly across the network. Every Australian deserves affordable, sustainable power.

What we're proposing



Changing distribution power networks' existing incentives to provide services that help people send power back into the grid. Gives networks a stronger reason to deliver quality export services that customers value. At the moment, there are no financial penalties for poor network export service and no rewards for good service.



Officially recognising energy export as a service to the power system. Gives consumers more influence over what export services their networks deliver and how efficiently they deliver them.



Allowing power networks to develop new tariff options including two-way pricing. Networks may reward you for sending power when it's needed and charge for exporting when demand is low. Investing in a battery would bring benefits. Options could include free export up to a limit or paying extra for access during busy times.



Flexible pricing solutions at the network level. Each network devises its own pricing structure based on customer preferences. There will be no blanket approach because different networks have different capabilities and customers and are subject to different government energy policies. Each plan must be approved by the energy regulator.

Consumer protections



This rule change does not mandate export charges. Our approach doesn't lock anything in. We expect power networks to develop a menu of options for their customers. These could include free export up to a limit, paid export services that guarantee export at busy times, grandfathering for existing solar owners, or community batteries and no export charges.









Power networks still subject to revenue caps. Power networks are regulated businesses and have their five-yearly revenue approved by the Australian Energy Regulator. This won't change – networks will recover the same revenue in different ways that help them better manage the system.



Networks will be required to explain their plans in plain English, and develop a transition plan if they decide to introduce any charges. Consumers will have a say and the energy regulator will have to approve any plans.



How did we get here?

This package of reforms follows a nine-month process of working with stakeholders as part of ARENA's Distributed Energy Integration Program. The program was led by a steering group of consumer representatives, industry association and energy market bodies. As a result of that work, South Australian Power Networks, the St Vincent de Paul Society, the Total Environment Centre and the Australian Council of Social Services requested the AEMC change the rules. This draft determination is our response to those requests.

Next steps

27 MAY 2021

Submissions to AEMC draft determination due

8 JULY 2021

Final AEMC determination due

MID 2021

Consultations between power networks and consumers begin.



Have your say: Respond by 27 May 2021 at aemc.gov.au