

Solar Maximiser
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Australian Energy Market Commission
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Sydney South, NSW 1235
aemc@aemc.gov.au

Reference: SEA0004, Distribution Market Model

Dear Sir

Thank you for this opportunity to comment on and provide our view of the Smart Distributed Energy Resources model. Given the number of Smart Distributed Energy Resources already in the market and the speed of innovation, we would recommend that the AEMC fast track this initiative and not be side tracked by conflicted participants such as the energy retailers and owners of transmission or distribution networks.

Solar Maximiser was set up in late 2015 to identify and commercialize opportunities to optimise the return for households and small businesses with existing solar installations, given the regulatory changes in the energy market including, but not limited, to the Power of Choice ("PoC") and the Multiple Trading Relationships (MTR) ("Multiple Trading Relationships" <http://www.aemc.gov.au/Rule-Changes/Multiple-Trading-Relationships>).

Solar Maximiser was established by Pieter Double, the original founder of Click Energy and currently the COO of Next Business Energy, an engineer with significant energy experience and a solar expert. Personally, I am proud of the role that I have played in the advancement of the solar industry by being one of the first retailers to continuously offer a retailer funded FIT in all states at 10c/kWh firstly at Click energy and then again at Next Business Energy. This I believe was a competitive advantage for Click and Next Business Energy and would have spurned significant expansion in energy retailer competition and further roll out of solar installations if this competitive advantage had not been regulated away by mandatory retailer feed in tariffs. Feed in tariffs are not an essential service, unlike electricity, and hence should be separated from the regulation of energy retail prices which would allow pure market forces to operate. Finally, we also believe that the MTR rules, which were to be delivered under PoC, do need clarification through formal instructions to the market and to be implemented, in its original form, so that all of the benefits from Distributed Energy Resources can be delivered to the customer and not reduced by excessive Distributor connection and metering fees.

In answer to your specific questions in the Distribution Market Model draft report dated 6 June 2017 we offer the following answers and observations.

Question 1: We support the introduction of cost reflective network tariffs for Distributed Energy Resources to acknowledge the additional costs placed on the distribution network. For example:

voltage stability, frequency stability, harmonics and flicker correction costs, but only if they are introduced at the same time as a functioning and comprehensive Open Access and MTR policy for all Distributed Energy Resources. MTR is required to ensure that the cost reflective network tariff is passed through to the customer without distortion from the customers current retailer and to avoid excessive metering charges.

Question 2: none identified

Question 3: we consider that an Open Access and MTR regime is the best environment

Question 4: We support the modification of clause 6.1.4 of the NER to permit the introduction of cost reflective network tariffs for Distributed Energy Resources for the additional costs that they place on the distribution network. For example: voltage stability, frequency stability, harmonics and flicker correction costs, but only if they are introduced at the same time as a functioning and comprehensive Open Access and MTR policy for all Distributed Energy Resources. MTR is required to ensure that cost reflective network tariffs are passed through to the customer without distortion from the customers current retailer.

Question 5: No comment

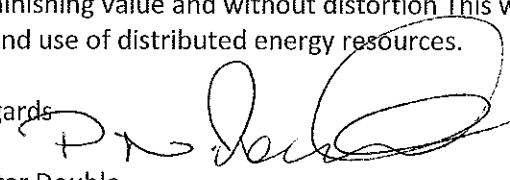
Question 6: No Comment

Thank you once again for this opportunity to respond and can I just reiterate the importance of a functioning MTR policy. The full value that distributed energy resources can provide to consumers, DNSPs and other parties may not be realised if the value to the customer is either diminished by the cost to get a second connection point and second meter (even with the lower Power of Choice metering cost), or the value to the customer is distorted by the commercial objectives of the customers current retailer. Hence, the Cost Reflective Network Tariff will not optimise the investment in and use of distributed energy resources.

Unless the full value of the distributed energy resources is able to be realised, which we believe is best delivered in an Open Access and MTR environment. Cost Reflective Network charges will act to discourage further uptake of distributed energy resources.

Finally, the cost to the industry of implementing Cost Reflective Network Tariffs should not be ignored. This is also another form of cross subsidisation from those who do not have solar to those with solar, especially on the larger energy retailers, as the project and system change cost burden will be worn by all customers. Alternatively, with a functioning and comprehensive open access and MTR policy, the retailers do not need to be mandated to implement the Cost Reflective Network Tariffs unless they see a positive business case to do so. Instead, new and more flexible businesses can offer the consumer the full value that the distributed energy resources can provide without diminishing value and without distortion This will ultimately lead to the optimisation of investment in and use of distributed energy resources.

Regards


Pieter Double
CEO

Solar Maximiser