

John Pierce, Chairman
Australian Energy Market Commission
19 December 2013

Dear Mr Pierce,

**RE: Solar Citizens submission to ERC0161 National Electricity Arrangement
(Distribution Network Pricing Arrangements) Rule 2014**

Solar Citizens welcomes the opportunity to provide comment on the Australian Energy Market Commission's Consultation Paper on the proposed Rule Change ERC0161.

Solar Citizens is a non-profit, non-partisan project that brings together existing and future solar owners to create a strong community voice for solar. We have grown to over 40,000 solar owners and supporters who have participated in our campaigns, but we serve to represent the over 2 million solar owners in Australia. We work to protect the rights of solar owners and help see Australia put a solar panel on every rooftop.

Solar Citizens welcomes the objectives of the rule change, and the moves to improve the opportunity for those affected by distribution network prices to be consulted on the development of those prices. Furthermore, we welcome the AEMC's commitment to follow a technology neutral approach to its decisions and to affirm the principle that consumers should be able to respond to the price signals arising from distribution network tariffs.

Solar Citizens has prepared the following points in response to the AEMC's consultation paper:

- It is crucial that consumers are able to respond to price signals. Consumers are unable to respond to an increase in fixed charges, other than to disconnect from the grid. It would be undesirable to send price signals that encourage disconnection. We therefore strongly emphasise the undesirability of any moves toward a greater fixed charge component for electricity tariffs. Fixed charges are potentially the most regressive as they discriminate against low energy consumers and do not allow for cost minimisation through behaviour change. Demand or capacity charges are preferable to fixed charges.
- We welcome the proposal to clarify that the 'side constraint' provisions on tariff price changes should apply regardless of whether consumers have interval meters or traditional accumulation meters. It would be unfair to discriminate against consumers with interval meters, particularly since governments have actively encouraged consumers to adopt interval meters.
- In addition to the information proposed by the Standing Council on Energy and Resources (SCER), a network tariff structures document should include an explanation of the triggers that cause a customer to be moved from one tariff class to another. From the customer perspective, a change in network tariff structure can be triggered by installation of solar PV systems. This is a matter of significant concern. A recent information sheet issued by SA Power Networks describes a business whose electricity bill increased from about \$19,000 per annum to about \$30,000 per annum following the installation of a solar PV array. This is a clear and extreme financial disincentive to the installation of solar PV and represents a significant barrier to the adoption of solar PV systems by some South Australian businesses.
- Customers should be treated consistently, irrespective of the meter technology they use. This is a matter of significant concern for the solar PV industry. From the customer perspective, a change in network tariff structure can be triggered by installation of solar PV systems if that is associated with a meter change. This is unfair and is a disincentive to the adoption of advanced metering and distributed generation and storage. It represents a significant barrier to the adoption of solar PV systems, especially by some

adversely affected businesses (eg. in South Australia).

Solar Citizens supports the more detailed submission provided by the Clean Energy Council.

Please do not hesitate to contact us for further discussion or clarification of any points in this submission

Your Sincerely,

A handwritten signature in blue ink, appearing to read 'Nick Taylor', with a long horizontal flourish extending to the right.

Nick Taylor
Solar Citizens Community Campaigner
nick@solarcitizens.org.au
0411442881