

The below submission has been lodged and confirmed on the AEMC Web site.

Submission Type: Market Review

Reference: Access, pricing and incentive arrangements for distributed energy resources

Organisation: Nil

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Comments: While the model proposes additional restrictions on the amount of solar that may be sold by small scale consumers, is their adequate compensation for the 10-15% of households losing value or income? For instance, there is no floor of base FiT for small scale households, and there is no incentive for vertically integrated energy firms, mostly foreign owned, from providing fair purchase prices. The cost to subsidise lower income households with solar is derived from state based policy, not commonwealth regulation which is confusing as this submission correlates increased ability to penalise small scale solar, as a means to lower prices based on St Vincent de Paul's submission.

While admirable intentions, this unfairly causes a large percentage of the 20%+ of Australian households to subsidise state responsibilities to offer affordable energy to at risk individuals, with no safeguard that any benefit will be achieved apart from the policy idea that foreign owned distributors with solar interest, will pass on savings - in aggregate - as a means to have an ability to offer lower pricing structures to consumers, or not with no recourse (except "competition") and enjoy even greater profit margins.

This is because aemc's last policy position to allow privatised entities to invest in gold plating infrastructure by the AER cost recovery model; failed to incentive the distributors from investing in storage (batteries) at a local level, which would provide cheaper power and grid stability for all users (and funded by cross levelling costs to all users from existing daily charges).

I would propose an alternative model where battery storage is at the local level, which would provide the means to reduce energy costs, capture solar during peak generation periods, and smooth the traffic jams as described. This should be funded from existing infrastructure daily access charges, and would do more to decarbonise the economy and reduce energy costs for all market participants. The concept of sending market pricing signals distorts market power, devalues small scale solar without just compensation, and is shown not to work in any market where shareholder wealth can be extracted by operators in markets with little competition and large entry barriers (indeed small scale solar are the competitors).