evoenergy

Attn: Mr Jashan Singh

Australian Energy Market Commission

GPO Box 2603

SYDNEY, NSW 2001

27 May 2021

Lodged online

Dear Mr Singh,

AEMC Draft Determination on Access and Pricing

Evoenergy appreciates the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) on the draft determination for Distributed Energy Resources (DER) Integration – Access and Pricing published on 25 March 2021. Evoenergy would like to express our appreciation of the stakeholder engagement process used by the AEMC to assess the proposed rule changes and develop the draft determination which addresses all the key issues raised.

Evoenergy owns and operates 2,358 square kilometres of electricity network and over 4,563 kilometres of gas mains. We supply electricity to over 200,000 residential and business customers across the ACT and 146,000 gas customers in the ACT and NSW. Safety, reliability, dependability, trust and certainty are the qualities that matter most to us, along with a commitment to innovation and keeping ahead of the rapidly changing energy landscape. We want to give our customers the energy solutions they want by being agile and driving innovation and technology to meet their changing needs.

The AEMC's draft determination on DER Integration introduces a range of new and amended electricity rules that will create the necessary framework "to allow more electricity consumers to access more distributed energy resources, while keeping the cost of supplying network services as low as possible. Without these changes, distribution networks may constrain the continued adoption of distributed energy resources."[1] Evoenergy supports the AEMC's approach proposed in the Draft Determination.

Evoenergy supports the Energy Networks Australia (ENA)'s submission to the Draft Determination. In addition to ENA's submission, Evoenergy would like to raise several issues that are specific to Evoenergy's circumstances.

1. The short-time frame for incorporation of new regulations into Evoenergy's regulatory proposals.

    - Seven months between the publication of AER guidelines and Evoenergy's regulatory proposal due on 31 January 2023. The following guidelines/methodologies are due on 1 July 2022:

[1] AEMC (March 2021) National Energy Rule Amendment (Access, Pricing and Incentive Arrangements for Distributed Energy Resources) Rule 2021 p.ii

- Initial Export Tariff Guidelines;
- initial customer export curtailment value methodology;
- Expenditure Forecast Assessment Guidelines;
- Distribution Service Classification Guidelines; and
- Cost Allocation Guidelines.

Depending on the scale of the amendments, there may be time to include them in Evoenergy's January 2023 proposal;

- One month between the publication of the AER's recommendation on STPIS incentives and Evoenergy's regulatory proposal. The recommendations to the STPIS framework is expected to be published by the AER on 31 December 2022. This could not readily be included in the regulatory proposal but could be included in Evoenergy's revised proposal due in December 2023; and

- Five months *after* Evoenergy's regulatory proposal (31 Jan 2023), the AER will publish amendments to a range of other guidelines. The rule change requires AER to publish the following guidelines on 1 July 2023:

  - distribution reliability measures guidelines;
  - demand management incentive scheme; and
  - demand innovation and allowance mechanism.

  Depending on the amendments, this may be included in Evoenergy's revised proposal due in December 2023.

2. Without any AER expenditure approved for the current 2019-2024 regulatory control period to undertake the necessary data modelling activities, Evoenergy will be facing a challenge to develop forecast expenditure for the new export service. This point was raised in Evoenergy's September 2020 response to the AEMC's consultation paper and it continues to be an issue.

3. The ACT Government has legislated to achieve net zero emissions by 2045. Evoenergy's gas and electricity networks will play a big role in achieving that. A key consideration is how to decarbonise the gas energy demand and manage potential significant additional demand on the electricity network.

4. For DNSPs with a small customer base like Evoenergy, allocating fixed costs, including administration costs, can add significantly to charges. Implementation costs for DNSPs need to be kept as low as possible and commensurate with the forecast demand for export services over the regulatory period. Finding ways of sharing information and experience between DNSPs will be instrumental in reducing costs.

5. Evoenergy will consider medium term transitional arrangements for existing DER customers.

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A final determination from the AEMC that supports development of the export capacity service as detailed in the draft determination (and commented upon by ENA), will fairly managing the cost impacts across consumers of integrating DER as the energy industry transitions to net zero emissions.

If you wish to discuss any aspect of Evoenergy's submission, please contact Patricia Cameron on 02 6248 3812 or patricia.cameron@actewagl.com.au or Eddie Thanavelil 02 62483457 or eddie.thanavelil@evoenergy.com.au

Yours sincerely

Mr Peter Billing

General Manager Evoenergy