

Submission in respect of Market Review Submission Project ERC0311

Access, Pricing and Incentive Arrangements in respect of Distributed Energy Resources

Access

1. Solar panel installations are usually granted access to grids available in their respective localities. The only exception is when such installations are of such a generating capacity as to affect load burden upon the grid where the provider seeks a levy or one off payment to offset the cost of adapting their network to handle the electricity so supplied.
2. It is interesting to note that whilst networks are required by regulation to service solar suppliers they are not required to disclose any limits imposed upon solar panel suppliers?
3. Network providers have been supported by government funding over a number of years to adjust and develop their networks to handle to increasing supplies of solar electricity feeding into their networks away from their historical supply sources eg coal generated.
4. It is in the Public Interest to ensure that network operators are required to be transparent in their dealings with solar suppliers so as Australian consumers can see that their energy requirements are being met without any throttling of solar supplies to force up pricing? during peak demands which during summer is when most solar electricity is being generated? Whilst in winter the opposite prevails when peak demand occurs at night?
5. Finally it is also relevant to include the ease with which consumers can simply purchase an air conditioner and plug it into a network and anticipate supply without any control apart from a remote factor of cost of supply at the time the unit is turned on! It is the impact of 8-9 million air conditioners on our networks which is a tremendous and growing demand?

Comment

The over-arching need of supplying cheap electricity from renewable resources to support our Australia has to be paramount in AEMC's setting of prices based upon the engineering provided by networks.

To be fair networks need to create profits from dealing with many and varied and varying supplies and suppliers of their product electricity to the satisfaction of their owners, and or shareholders.

Accordingly it is essential to the whole process that the networks are fully transparent in their dealings and fair dealing with all their suppliers irrespective of their size.

Pricing

1. It is claimed that networks need to have a process to recover their costs in dealing with solar supplies over and above network capacities to handle?
2. It is fair to admit that both solar and load owners should be paying their ways in using networks provided.
3. Networks need to provide business cases to support their assertions relative to the alleged cost of dealing with solar supplies'
4. It should be a basic requirement that networks provide evidence as to regularity of increased costs in servicing solar suppliers.
5. The adoption of a levy to control or limit supply of solar will introduce a whole new administration structure the cost of which will far outweigh the income stream it is supposed to recover for the networks? Unless of course such extra costs are also included in setting this levy again borne by the very suppliers who have invested time, money, site costs and maintenance in providing this energy resource?

Comment

It is essential to deliberations about the introduction of supply levy upon solar suppliers that the introduction is really a 'stalking horse' created to provide networks with the ability into the future to recover their costs and /or partly fund their profits. This conclusion is based upon the reality that the costs to networks relating to dealing with solar supplies have not been supported by any information or assertions?

The cost of administering the levy far outweighs the revenue supposedly generated for the benefit of networks.

It should also be relevant that solar suppliers also bear costs of maintenance, repairs, cleaning of solar panels which also need to be included in setting pricing for solar supplied to networks paid by networks to solar suppliers.

Incentive Arrangements

1. Distributed 'energy' resources are common place within many supply networks operating within the Australian economy. Two that are commonly referred to are the grocery market and the petrol market. Each have various market providers and various customers purchasing the commodities which have been assembled and sold from their respective outlets.
2. Both supply networks and energy networks are incentivised by profit motive with the major difference being energy is a basic commodity upon which our Australian society is built on and survives both economically and physically.
3. AEMC takes its responsibility seriously and seeks to give respect to all the players in the energy market plotting a future secure environment within which Australian families and businesses can survive and thrive.
4. User pays has become a credo for economic rationale however it needs to be applied carefully to avoid unhelpful outcomes? eg placing a levy upon solar suppliers may incentivise investment in solar batteries which may in overall impact reduce solar energy otherwise exported to grid?!
5. Thought must be given to requiring networks to crediting their domestic solar suppliers with same kWhs as supplied at the same rate as kWhs charged at the same time. In this way it simplifies the accounting , removes the need to set a payin tariff and effectively provides their domestic suppliers free electricity commensurate with their solar panel output.
Incidentally this incentive could reduce the attraction to install batteries.

Comment

In setting expectations that networks will respond to AEMC desired outcomes for the mutual benefit of the three stakeholders the structures of costings will need to be strenuously challenged and tested .

As a small domestic solar supplier one of some 8-9 million providers who have taken the decision to mount panels on their homes, schools and factories and no doubt are really not being paid a fair feed-in tariff these days given that ii is no where near that paid by us to our network suppliers for electricity supplied to us? This is a glaring example which networks have been shy to recognise and in fact may belie their assertion of being good corporate citizens?!

Australia can proudly claim its domestic solar installs is a proud achievement inspired by government initiatives and investment involving its citizens to make Australia become reliant on renewable energies.

It could be claimed that our Australian energy market has reached a certain maturity where its leaders and rule makers can set out a fair and robust supply and marketing industry standards supported by networks, suppliers and consumers.