9 September 2020

Mr Ed Chan
Director
Australian Energy Market Commission
GPO Box 2603,
Sydney 2001

Online submission: www.aemc.gov.au

Dear Mr Chan

Distributed Energy Resources Integration – updating regulatory arrangements consultation paper

Evoenergy appreciates the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) in response to the consultation paper on Distributed Energy Resources (DER) Integration – updating regulatory arrangements. The consultation paper seeks industry responses to three related rule changes to the National Electricity Rules to support integration of DER into the networks by recognising bi-direction flow of energy across the network.

Please see the attached submission from Evoenergy in response to the consultation paper.

Evoenergy is generally supportive of the proposed rule change from SA Power Networks, recognising there are some differences between the rule change proposal from the Total Environment Centre and Australian Council of Social Service. Evoenergy suggests working with the AEMC on implementation arrangements in the rules that provide flexibility to accommodate Evoenergy's circumstances.

If you wish to discuss any aspect of this submission, please contact Patricia Cameron on 02 6248 3812 or patricia.cameron@actewagl.com.au or Chirag Desai on 02 6248 3845 or chirag.desai@evoenergy.com.au

Yours sincerely

Peter Billing
General Manager Evoenergy

Distributed Energy Resources Integration - Updating Regulatory Arrangements

Evoenergy submission to AEMC consultation paper

9 September 2020

evoenergy

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1 Background

1.1 Introduction

Evoenergy appreciates the opportunity to submit a response to the Australian Energy Market Commission's (AEMC's) consultation paper on "Distributed Energy Resources Integration – Updating Regulatory Arrangements" released on 30 July 2020. The consultation paper sets out the key issues relating to three proposed rule changes from South Australia Power Networks (SAPN), St Vincent de Paul Society Victoria, Total Environment Centre (TEC) and the Australian Council of Social Service (ACOSS).

Evoenergy's electricity distribution and transmission network services cover an area of 2,358 square kilometres and connects approximately 196,500 electricity customers within the Australian Capital Territory (ACT). It also supplies electricity to around 90 customers in New South Wales (NSW). Evoenergy's electricity network includes 196 kilometres (km) of transmission lines, zone substations and switching stations, around 4,600 distributions substations and over 5,200km of distribution lines.

Evoenergy supports the key elements of SAPN's proposed rule change for export capacity services to be recognised in the National Electricity Rules (NER) as an obligation for electricity distribution network service providers (DNSPs).

This submission sets out:

- A high-level description of Evoenergy's current experience in connecting distributed energy resources (DER) in the ACT;
- A summary of the key components of the proposed rule changes by each of the proponents;
- A summary of Evoenergy's view of each of the proponents' proposed rule changes;
- Key issues identified by Evoenergy in implementation of the proposed rule changes in the ACT; and
- Appendix 1 containing responses to the AEMC's questions.

Evoenergy offers to continue to engage with the AEMC regarding this submission should the AEMC wish and Evoenergy has registered as a participate in the AEMC Technical Working Group to continue to develop the details of the rule changes.

1.2 Distributed energy resource integration in the ACT

DNSPs need to respond to the requirements from residential and small business customers owning DER to connect to the network and support two-way flow of electricity. Demand is increasing due to the world-wide growth of rooftop solar photovoltaics (PVs) and related products which have brought down the unit prices for these new technologies to the point where a positive return on investment can be achieved on rooftop solar PVs within a few years. Additionally, new opportunities are opening-up for residential customers to engage in up-stream markets, such as wholesale electricity and market ancillary services.

Evoenergy accepts customer requests for integrating their DER into the distribution network and generally speaking Evoenergy is able to accept all requests for DER integration. Evoenergy's network currently has only a few pockets of export capacity constraints. The experience of voltage fluctuations and thermal levels on the network in South Australia that undermine the performance of that network is not currently found in

the ACT at the present time. Evoenergy may need to place constraints on the export of electricity as more customer requests for integrating DER are received over time.

Distribution networks are designed for the one-way flow of electricity delivered from interconnection with transmission networks to household and business customer premises rather that designed to provide reverse flow export from the premises back around the network.

Although Evoenergy's network can currently manage low levels of reverse flow of electricity, Evoenergy will need to invest in the network to support future expected demand in DER. Evoenergy currently has limited visibility below the zone substation level of the hosting capacity of the network to provide export capacity services for customers using solar PVs and other forms of DER. This creates forecasting challenges for Evoenergy as discussed later in this submission.

SAPNs proposed rule change will provide a clear framework of obligations and rights within which Evoenergy's strategy can be structured and the required support for export capacity services can be delivered.

1.3 Summary of the proposed rule changes

SAPN proposed the following rule changes:

- Various definitions in the NER to be amended to recognise export service capacity in order to create clear rights for all customers to request and be provided with an offer to access the distribution network to export energy, on a fair and non-discriminatory basis;
- Remove rule 6.1.4 that prohibits the distribution use of system (DUOS) charge for export services so that customers can request and receive a connection offer;
- Re-design the Service Target Performance Incentive Scheme (STPIS) to include export services. This creates a clear regulatory mandate for DNSPs to plan for and invest in providing export services commensurate with customer demand and their desired service levels; and
- Introduce new pricing rules to reward customers through DUOS, allocate costs between services and exclude large standalone embedded generators. Consideration of the service options and fees are to be determined by each DNSP and their customers and stakeholders. This will enable informed customer choices.

St Vincent de Paul Society Victoria's proposed rule change is to remove rule 6.1.4 (a) prohibiting DUOS charge for export, which will allow DNSPs to charge customers who choose the export service or to constrain customers who do not wish to pay for the export service.

TEC and ACOSS's proposed rule change, termed DER Flexibility Framework (DERFF) is in two parts:

- Enhanced DER incentives in the form of:
    - A new obligation or financial incentive mechanism
    - allowing the purchase of additional export capacity
    - A net market benefit test to be introduced for all investment planning
    - A defined DER process to be required in regulatory reviews
- A proposal for a subsequent rule change that allows two-way pricing to recover all network costs (both export and import energy costs) from consumers and prosumers.

1.4 Evoenergy's view of the proposed rule changes

Evoenergy is generally supportive of the rule changes proposed by SAPN and St Vincent de Paul Society of Victoria. There are a few areas where Evoenergy has a different view to SAPN. The main area of difference is that Evoenergy requires time for transition to the proposed rule change as it applies to Evoenergy. The reasons for this are explained in section 2.1. Other minor differences are that Evoenergy does not consider that a new rule is required for cost allocation between consumption and export services because DNSPs cost allocation methodology documentation sets out the principles for the allocation of costs.

Evoenergy agrees with most of TEC and ACOSS's proposed rule changes as addressed below. Below is a list of the TEC/ACOSS proposed changes and Evoenergy's views.

1. Encourage networks to think strategically about the role of DER exports in their future planning- by including details of their DER strategy in a DER integration strategy (DERIS).
    - Evoenergy considers that the proposed DERIS would add to the regulatory burden and is unnecessary.
2. Encourage networks to make the best used of existing infrastructure to maximise DER exports- by making changes to STPIS.
    - Evoenergy agrees with the proposal to amend STPIS to include export services.
3. Encourage networks to invest in DER hosting capacity where this benefits all consumers – by using the existing framework.
    - Evoenergy considers that DNSPs' investment in additional DER hosting capacity must be cost effective and the decision-making framework should allow for different approaches that are appropriate for the scale of the investment. Evoenergy awaits the Australian Energy Regulator's (AER's) forthcoming assessment framework for DER integration which is currently being developed and will provide guidance on this.
4. Allow prosumers[1] subject to export constraints to put more of their surplus energy back into the grid.
    - Evoenergy supports the option of allowing prosumers to obtain higher than baseline levels of export where customers are willing to pay higher tariffs and capital contributions for additional augmentation if required.
5. Ensure all prosumers have some ability to export surplus energy to the grid.
    - Evoenergy considers that export capacity services will be available to prosumers where it is cost effective to supply.
6. Allocate hosting capacity fairly- rather than on the basis of 'first come first served' or by auctioning.
    - Evoenergy considers that all eligible DER customers requesting export capacity would be allocated the minimum standard of export capacity locally available.

[1] The term prosumer refers to consumers who also produce energy.

2 Issues identified for Evoenergy

2.1 The timing of the rule change for the ACT

Whilst Evoenergy is supportive of SAPN's proposed rule change and considers that the proposed changes are required for the ACT in the future, implementation of these rule changes by 2024 in the ACT presents timing challenges for Evoenergy.

Evoenergy, along with electricity DNSPs in NSWs, the Northern Territory and Tasmania will be amongst the first electricity distributors, implementing the final rule change for DER integration in the five-year regulatory period in 2024-2029. SAPN and the Queensland DNSPs will follow after Evoenergy for implementation of the final rule change in their 2025-2030 regulatory control period.

In comparison with other jurisdictions, the number of existing DER customers in the ACT is low and they are generally not curtailed from exporting electricity. The ACT network currently has a low solar PV penetration rate (less than 15%), although it is 100% in some new estate developments. In these developments, network investments that would have been required to manage quality of supply have been funded by developers. As a result, existing DER customers in the ACT are generally not curtailed from exporting electricity and Evoenergy does not expect to introduce export limits in the near term. Whilst rapid increases are expected in the future as electric vehicle charging utilisation and battery usage increase, ACT is not currently experiencing similar pressure on its network to the pressure experienced in South Australia and Queensland to integrate DER.

Looking ahead in the short to medium term, the network capacity to support export services in new ACT suburbs will continue to be built and funded by developers. Apart from a small number of locations with network hosting constraints, generally there should be little or no need for export limitations in the initial years of the next regulatory period. However, Evoenergy expects that there may be a requirement to invest in export hosting capacity improvements or network elements from around 2026 or 2027.

Evoenergy currently has limited capability to forecast future requirements of the network to support export capacity services. This is because Evoenergy has limited visibility of the network voltage from the zone sub-stations to residential and small business premises. Without having sought approval for an expenditure allowance in the 2019-2024 regulatory review process to build our capabilities in DER export services forecasting, Evoenergy is constrained in what capability can realistically be developed during the remainder of the current regulatory period.

Evoenergy will need to develop a strong view by mid-2022 about costs and demand for the new export service four to five years ahead. Delaying adoption of export capacity services beyond the next regulatory control period to 2029 would be too long a delay for Evoenergy customers and set the ACT back in terms of achieving jurisdictional objectives for increased adoption of rooftop solar PV.

The proposed rule change creates timing challenges for Evoenergy given the circumstances in the ACT where there are currently few network constraints on export and limited visibility of network performance at the low voltage level. However, the timeline for the next electricity regulatory review would require Evoenergy to shortly start to develop expenditure forecast methodologies and tariff strategies should the export capacity service be introduced as a new DNSP obligation. Bringing forward investment in developing system capability to enable accurate forecasting well in advance of an identified need in the ACT is likely to be costly and may not ultimately be required.

Evoenergy suggests working with the AEMC on implementation arrangements in the rules that provide flexibility to accommodate Evoenergy's circumstances, such as transitional arrangement or contingent project.

2.2 Customer preferences and jurisdictional policy

Rule changes to support DER integration should allow for jurisdictional differences arising from customer preferences and government policy. The baseline standards for export capacity services should be established by the DNSPs in conjunction with its consumers to allow for customers' requirements specific to the jurisdictions.

Customer and retailer engagement through the regulatory review process will be very important in developing and supporting proposed expenditure plans and approach to tariffs. Further customer engagement will be required after the regulatory review process is concluded to develop and implement the new services and charges.

2.3 Penalties and rewards

The application of penalties and rewards, whether through the incentive regime or guaranteed service levels, should occur only when the DNSP requirements to deliver the new services and performance levels are better known. Established and reliable data must be available to confirm actual performance before targets are established.

2.4 Data constraints

At this stage in the ACT, Evoenergy does not have a way of modelling network constraints for export capacity on our network. Evoenergy is considering the potential data needs for modelling export capacity, including from the increasing rollout of smart meters.

The depth of analysis required to demonstrate the efficiency and prudency of DER integration expenditure forecasts should be commensurate with the level of expenditure for the relevant projects. The current thresholds for the regulatory investment tests (RIT-Ds) should remain.

2.5 Cost effective implementation

Evoenergy would like to re-iterate the importance of the AEMC's principle of minimising the regulatory burden for assessment of the regulatory arrangements for DER integration. It would be preferable for any rule changes to reduce the administration costs for DNSPs to comply. This is particularly important for smaller DNSPs like Evoenergy, where there is less capacity for the DNSPs and its customers to absorb additional fixed costs, compared to larger DNSPs. Sharing of information developed between DNSPs will assist to manage the costs.

2.6 Industry development path

Whilst the development path and prices of DER technologies are evolving and the Energy Security Board is planning the options for market design beyond 2025, the proposed rule changes may need to be reviewed and adjusted over time to ensure alignment. A post implementation review would facilitate continued relevance of the new rules.

3 Conclusion

Evoenergy supports the key components of the SAPN proposed rule change to recognise export capacity services as DNSP regulated services in the NER and National Electricity Retail Rules. Implementation of the rule change for Evoenergy's next regulatory review introduces challenges that Evoenergy is considering how to manage and if further changes are required to the rules.

Appendix 1: Responses to AEMC questions

Question	Sub Question	Evoenergy Response
QUESTION 1: APPROACH TO RULE CHANGE ASSESSMENT	1. Is the assessment framework, specifically the criteria outlined above, appropriate for considering the proposed rule changes?	Yes, the principles for assessment are comprehensive.
	2. Are there any other relevant considerations that should be included in the assessment framework?	The assessment framework should also acknowledge the role of jurisdictional government and customer preferences in determining appropriate changes.
QUESTION 2: DEFINITIONAL ISSUES	1. Should export services be recognised as part of the network services provided by DNSPs to customers?	Yes, electricity customers request export capacity from DNSPs to support the customer's investments in DER. Currently the NER recognises export capacity only in respect of connection charges. Broader recognition of export services in the rules and guidelines will enable DNSPs to resolve network limitations to provide benefits to all DER customers impacted by limits in a manner that is more equitable, efficient and reasonable for customers than the current process.
	2. Are the proposed definition changes necessary and appropriate to enable export services to be recognised as part of the services provided by DNSPs to customers?	Yes, Evoenergy recommends introducing a phrase to explicitly include bi-direction conveyance of electricity, particularly if NER 6.1.4 is removed. This is relevant for the NER definitions of 'Network' and 'Distribution use of system, distribution use of system service' and NERR model terms and conditions definition of 'residential customer'. A thorough review of the rules and laws is required by AEMC to identify other definitions and clauses that require change. The AER guideline of service classification will need to be updated to include export capacity services.

Question	Sub Question	Evoenergy Response
	3. Are there any unintended consequences that could arise from SAPN's proposed amendments to definitions?	DNSPs should not be obliged to provide the new export service without the capability to monitor the network and charge tariffs to the relevant customers to recover the costs. This risk could arise if there are considerable uncertainties in the forecasting.
	4. Are there more appropriate approaches to enable export services to be recognised under the framework that are not considered above?	The DUOS prohibition for export charges in clause 6.1.4 should be removed to allow cost recovery of export services across customers and over time.
	5. Are there any other issues related to definitions that the Commission should consider?	Evoenergy has no further information to provide comment.
QUESTION 3: PROPOSED CHANGES TO DEFINITIONS	1. Are the proposed approaches to the classification of export services necessary and appropriate?	Yes, classification of export services will need to be listed in the regulatory review documentation submitted to the AER as a direct control service. In addition, export services may be included in AER guidelines for service classification.
	2. Are there more appropriate approaches to enable DNSP expenditure on export services to be economically regulated that are not discussed above?	Evoenergy believes that SAPNs proposed approach for economic regulation of export control services is appropriate. The operational and capital expenditures necessary to support export capacity should be included in the regulatory asset base (RAB) for capital, operating expenditure (opex) allowance and incentive schemes.
	3. Are there any other issues related to service classification that the Commission should consider?	In addition to consideration of whether export capacity services should be standard control services, there are likely to be associated ancillary services such as application fees. It is appropriate for the associated capital expenditure (capex) investments to be added to the DNSP RAB.

Question	Sub Question	Evoenergy Response
QUESTION 4: OBLIGATIONS ON DNSPS	1. Should the NER be amended to impose obligations on DNSPs to provide export services as proposed?	Evoenergy supports the approach proposed by SAPN where export obligations are added to the NER by definitional changes. Evoenergy considers that there should be scope for a transitional introduction of the new obligation for the ACT to accommodate the pattern and timing of DER uptake and the current limited capacity to forecast DER demand and model network limitations in the ACT. The obligation should not be 'firm' because it is not an efficient use of resources for DNSPs to be obliged to provide export capacity to every residential and small business DER owning customer. An average service standard level applicable across customer groups would be more appropriate. External events, such as government policy changes, that impact demand for export services, may require the application of cost pass throughs to reflect the efficient cost incurred by DNSPs to provide export services.
	2. Would it be appropriate to impose obligations on DNSPs to consider network planning solutions in relation to DER integration?	Evoenergy supports a light-handed regulatory assessment for export capacity services which streamlines the process of assessing DER related investment. DNSPs currently design their network planning framework with a DER integration strategy that addresses their customer base requirements. The TEC/ACOSS proposed DERIS is not required because imposing a more onerous framework to DNSPs assessment processes will add unnecessary overhead costs. DNSP's are in the best position to decide the optimal solutions for relieving constraints and the strategy for engaging with stakeholders by taking into account the options to meet the long-term interests of consumers.
	a. Is there a need for the introduction of specific arrangements to guide network	No, the current regulatory framework as represented by the capital expenditure objectives, the AER expenditure guideline, and the regulatory investment tests are largely sufficient, provided that the

Question	Sub Question	Evoenergy Response
	planning and investment decisions around additional DER hosting capacity?	appropriate incentive schemes are in place. Development of additional overlapping guidelines should be avoided. The incentive regime for STPIS and interactions with the capital expenditure sharing scheme (CESS) may also require adjustment to prevent unintended consequences on DNSPs' short-medium term investment planning. As an example, the criteria around what costs are controllable in the CESS may need to be reviewed to refer to DER investment.
	b. Do you consider that a net market benefit test is a useful way to guide DNSP network planning and investment for export services?	We consider that the net market benefit test may be useful but should not be compulsory to determine DNSP DER related expenditure. Cost effectiveness is also important for efficient use of resources. Customer contributions towards export capacity investments should also be permitted to enable DER integration. Allowing DNSPs the option to use the net market benefit test for smaller projects that do not meet the RIT-D cost threshold may be appropriate, provided that the level of analysis for the test is proportionate to the value of the project. The AER is expected to release a report in September 2020 on potential methodologies for valuing DER, which can be considered in the AEMC's review. The other aspects of the RIT-D process should not be required for investment planning decisions for projects below $6m because the significant timeframes, consultation requirements and analysis required surpass what is required for efficient investment decision-making for smaller expenditures.
	3. Should a principle for the allocation of export capacity in the NER be introduced? If so, what principle should be included?	There should be a principle that the primary purpose of the network is for energy consumption and that the provision of export capacity is a secondary purpose of the network. This will ensure that in a resource constrained environment, a DNSP should ensure that they provide for electricity consumption first.

Question	Sub Question	Evoenergy Response
		Evoenergy anticipates that all eligible DER customers requesting export capacity would be allocated the minimum standard of export capacity available.
QUESTION 5: EFFICIENCY INCENTIVES	1. If 'distribution services' expressly include export services, are there any regulatory barriers to adapting existing incentive schemes to export services?	DNSPs should determine the service levels appropriate for their jurisdiction and network topology. The incentive scheme should only be introduced after performance is baselined specific for the jurisdiction. The cost of obtaining data from smart meter data providers, as required under the power of choice rules, is a barrier to obtaining information for DNSP planning.
	2. Should the STPIS be extended to export services or is a new incentive scheme required?	Adaption of STPIS is preferable because it reduces complexity across incentive schemes, provided that baseline performance targets are appropriately set. As proposed by SAPN, VCR-E should be considered in the incentive structure. Further consultation should be provided for on the scheme changes.
	3. If the STPIS or a new incentive scheme is to apply to export services: a. What are the practical challenges of designing relevant performance measures and collecting robust data? Can these challenges be overcome over time?	Standards for customer devices that facilitate network visibility are needed. Network visibility is critical. Victorian DNSPs have greater visibility with ready access to smart meter data. The value add of this data set can have real implications on the performance and operations for export service from DNSPs. Regulatory review allowances need to include the cost of DNSPs obtaining this data.
	b. Should the details of the scheme be prescribed in the NER or is it appropriate for the AER to design the scheme?	The scheme details should not be in the NER. AER should design the scheme in consultation with DNSPs, which is consistent with their involvement in designing other incentive schemes.
	c. Are there any additional factors the AER should be required to take	The STPIS clauses in the NER would seem to apply to export capacity services, when export service standards are developed in the ACT. Service standards should apply to an average level of performance

Question	Sub Question	Evoenergy Response
	into account (eg, under NER clause 6.6.2 relating to the STPIS)?	rather than to every customer. Application of DNSP incentives should only apply once DNSPs have developed experience in the supply of the new export service and it is well established service.
	d. Do export service standards (to meet customer expectations) need to be established to set a performance 'baseline' for the incentive scheme?	Yes, minimum or baseline standards must be set but they should reflect performance and customer expectations specific to the jurisdiction. Jurisdictional governments may also set export guaranteed service levels. The requirements for eligibility to receive export service capacity will need to be defined as capacity would not be made available as a firm right for every residential and small business customer or for exporting electricity at any point in time.
QUESTION 6: PRICING ARRANGEMENTS	1. Should DNSPs have the option to propose to the AER charges for export services?	Yes, DNSPs should have the option to charge for export services. DNSPs are best placed to decide the timing of when charges should be introduced based on when the inherent capacity of the existing network has reached its limits and new charges are required to recover the costs of export capacity investment. DNSP capability for analysis needs to be enhanced before export service charges and minimum standards are developed in the ACT. As DER penetration rates increases, Evoenergy will be required to invest to relieve the limits to the network's hosting capacity and recover the costs through cost reflective charges from exporters. The costs of the additional investment should be borne by the customers who directly benefit the most, that is exporters. Evoenergy supports adding export services to the current NER process of five year regulatory reviews where DNSPs propose new services to be considered in the framework and approach process, demand and expenditure forecasts are made, and tariff charges are proposed.
	2. What are the potential benefits and costs of enabling export charges?	The potential benefits of enabling export charges are: • fewer limits being placed on residential customers exporting base levels of electricity in jurisdictions experiencing network constraints;

Question	Sub Question	Evoenergy Response
		• provides a price signal for exporting from batteries and solar; • local area optimisation reduces constraints across network; • costs of building network capacity for export, whether capex or opex, are borne by energy exporters rather than all consumers (including those who do not export); • limits potential for cross subsidy from customers without DER contributing to the augmentation costs that directly benefit DER customers; • late adopters of DER technology are not required to fund the full augmentation costs when network limits are reached; • customers have an opportunity to request higher levels of export capacity at a premium charge; • consistent with the pricing principles for cost reflective pricing. The potential costs are: • increased capability required for DNSPs to forecast demand for export capacity and improve knowledge of network limits for export capacity; • expenditure required to reinvest in removing export constraints; • opex on customer acceptance and tariff administration; • investing in DER optimising management platforms and frameworks; and • obtaining data from smart meters or other sources.
	3. If customers can already negotiate 'deeper' connection agreements, is a 'supplementary' connection arrangement required to allocate DER-related costs – as proposed by TEC/ACOSS?	Export capacity agreements would be based on forecast demand for export and long run marginal costs in a manner that allows DNSPs to recover its total efficient costs of providing export capacity services. This would replace the current pricing approach of connecting DER based on connection charges. DNSPs would decide the appropriate mix of network charges including connection charges, DUOS and alternative control services required.

Question	Sub Question	Evoenergy Response
		Non-standard connection charges may still be required in some circumstances.
	4. If NER clause 6.1.4 is removed, and DNSPs are able to develop tariffs for export services:	
	a. What are the implementation issues?	Implementation issues identified at this stage include obtaining data inputs to develop the tariff such as forecasting customer responsiveness to incentive-based tariffs. Different DER combinations which have different impacts on the network will complicate forecasting. Sharing of DNSP tariff trial data would assist in understanding customer responsiveness to price incentives. It is important that the AEMC ensures that the end customer receive the appropriate network price signals and has the option to respond.
	b. Should the existing tariff structure statement process and pricing principles apply? For example, is a principle required to guide DNSP decisions on cost allocation between consumption and export services – as proposed by SAPN?	Yes, the existing regulatory processes should apply to the new export capacity service, including the tariff structure statement process and pricing principles. Evoenergy considers that a new principle for cost allocation between consumption and export services is not required. DNSPs' cost allocation methodologies are the appropriate place to address the allocation of costs between services, rather than in the NER.
	c. Are transitional or 'grandfathering' arrangements needed and, if so, should they be prescribed in the NER?	Yes, transitional and/or some grandfathering arrangements are likely to be needed. DNSPs may implement the transitional arrangements that are appropriate for their customer base, rather than prescribing arrangements in the NER. Grandfathering will be required for the new suburbs in the ACT where developers have made capital contributions. Any future incremental investment above initial baseline service levels may be subject to the new charges. Customer engagement on this issue will be very important.

Question	Sub Question	Evoenergy Response
	5. Should the regulatory framework better recognise the benefits DER services provide to DNSPs? For example, does SAPN's proposal to allow for negative prices address the issue?	Yes, it may be beneficial to incentivise customers to manage their exports in a manner that assists DNSPs to control the challenges DER introduces to the network from voltage swings and thermal imbalances. Retailers may need to agree to pass through to customers the rewards DNSPs wish to provide.
	6. Should these reforms only apply to small customers?	No, large customers may also be charged for export capacity, if their capacity applications pass the requirements of a network technical study.