Endeavour Energy

9 October 2018

Mr John Pierce
Chairman
Australian Energy Market Commission (AEMC)
PO Box A2449
Sydney South NSW 1235

Dear Mr Pierce,

RE: AEMC Issues Paper – *Review of the Regulatory Frameworks for Stand-Alone Power Systems*

Endeavour Energy appreciates the opportunity to provide feedback to the AEMC's issues paper – *Review of the Regulatory Frameworks for Stand-Alone Power Systems*. The issues paper explores the regulatory changes required to enable distribution network service providers (DNSPs) to deploy stand-alone power systems (SAPS) as a cost effective alternative to maintaining a grid connection for existing customers.

It is broadly acknowledged the framework requires updating to keep pace with recent technological advancements in the supply of energy services. Specifically, despite the emergence of integrated off-grid power systems as a viable supply option, DNSPs are not permitted to deliver services provided by these systems as a regulated distribution service.

As a consequence, DNSPs can only deliver services using conventional methods of supply via the interconnected grid. For some customers in remote areas, energy supply could be delivered at a reduced cost through a SAPS.

We support changes that remove the prohibition on DNSPs providing SAPS where it is the most efficient solution. As initially proposed by Western Power[1], this could be achieved by amending the National Electricity Rules (NEL) and/or the National Electricity Rules (NER) to capture SAPS (for existing customers) as a distribution service.

Overall, we consider the National Electricity Objective (NEO) will best be achieved by the introduction of a framework that promotes efficient investment decisions, is technology neutral and preserves customer protections.

Process for a SAPS transfer

Customers best suited for efficient off-grid transfer are likely to be located in remote areas with a network connected supply that is more expensive and/or less reliable than an off-grid alternative. Whilst many of these customers would welcome the improved reliability offered by a SAPS, we appreciate not all customers may willingly agree to disconnect from the grid.

In lieu of obtaining customer consent, the issues paper suggests the framework could oblige DNSPs to guarantee minimum service standards. This would help alleviate negative perceptions of supply reliability and service quality with SAPS relative to grid supply.

We support a guaranteed minimum standard approach as this would provide customers with confidence and an assurance of supply where their off-grid transfer represents the most cost-effective solution. These standards should reflect those currently in place as set by

[1] Western Power, *Removing barriers to efficient network investment, Rule Change Request*, September 2016

51 Huntingwood Drive Huntingwood NSW 2148
PO Box 811 Seven Hills NSW 1730
T: 131 081 • F: 61 2 9853 6000
www.endeavourenergy.com.au
ABN 11 247 365 823

jurisdictional regulators as opposed to establishing uniform NEM-wide standards which may fail to consider location specific factors.

We consider the benefits to all customers of reducing network costs through the use of SAPS will be maximised where DNSPs can transfer customers where it is efficient to do so rather than an approach that requires individual consent from all customers involved. The latter increases the risk of a single customer (or a minority within a customer group) having an effective veto over an efficient off-grid transfer, denying other candidate customers the opportunity to share in the benefits of a SAPS and preventing the reduction in ongoing costs borne by the broader customer base.

It would be important for DNSPs to establish a clear process on how candidates for off-grid transfer are approached and informed of the decision to disconnect them from the grid. Any consultative process would need to clearly inform customers of all the changes in their service arrangements relative to their current grid supply.

It would also need to identify the rights and responsibilities of each party involved in the provision of SAPS services, noting that energy-specific consumer protection will be maintained from having the service regulated as a distribution service. We consider the model adopted in New Zealand should be considered further.

Critically, this process should provide customers with an opportunity to respond to proposed transfer with DNSPs obliged to have regard to such feedback prior to making a final decision.

Impact on competition

Competition often drives innovation and efficient practices that lead to lower prices and improved service outcomes for customers. However, despite recent improvements in technology, we expect competition in the off-grid market for existing customers to remain subdued.

This is largely because existing customers are not likely to voluntarily defect from the grid where their subsidised network charges are lower than the cost of an equivalent SAPS. Consequently, the SAPS market is currently confined to servicing new customers for whom an off-grid system is more affordable than a grid connection (which is likely to be rare).

Allowing DNSPs to fund efficient off-grid transfers and provide them as a distribution service would markedly enhance competition in the energy services market. DNSPs would most likely rely on third party SAPS suppliers to provide these services and thereby increase the potential market substantively.

The restrictions around DNSP ownership and control of behind the meter assets following the contestability of energy services rule change were designed to encourage competition in emerging energy markets. Whilst we support this approach, we are concerned if applied to SAPS transfers it could potentially limit the ability of DNSPs to explore innovative supply arrangements and apply the most cost effective solution.

We consider customers will benefit from DNSP investment in behind the meter assets when required to deliver an efficient off-grid solution and support a pragmatic approach which allows DNSPs to include all assets required to deliver a SAPS based distribution service in the RAB.

SAPS transfers led by third parties

It is unlikely off-grid transfers facilitated by non-DNSPs will be common given the network price signal customers receive. However, we appreciate the need to establish a corresponding framework to cater for these instances.

Our primary concern is the potential for third parties to fail to consider and price the full economic implications of detaching customers from the grid. In addition, we are concerned DNSPs may be required to act as a supplier of last resort (or reconnect customers at a high cost) where third parties are unable to operate and maintain a SAPS and/or provide guaranteed service levels to customers over the long-term.

Any mechanism supporting SAPS transfers by third parties would need to include similar customer protections. It will also be important to address the asset stranding that may occur; this may require a transfer of assets or residual value payment. It would be inappropriate for the remaining customer base to fund the value of assets stranded by other customers transferring to a third party SAPS. A cost-reflective price signal should be provided to a customer transferring to a third party SAPS provider to avoid inefficient investment decisions.

Customer Protections

Ultimately, the design of an effective SAPS framework should be guided by the impact on customers – both those detaching from and remaining on the grid. We support the general principle that transferred customers should experience the same reliability and customer protections that applied to them prior to the transfer. This could be achieved by requiring DNSPs to at least maintain service levels post transfer.

We believe SAPS customers should have access to retail competition but we recognise this may not be possible in some situations. It would be important that customers have adequate price protection to ensure they pay no more than an efficient price and are not disadvantaged by moving off-grid.

Framework design

In our view, it should be a priority that the framework be sufficiently flexible to accommodate a range of possible SAPS configurations as it is not likely a single model will provide the most efficient outcome in all circumstances. The framework needs to facilitate the selection of the most efficient option by allowing DNSPs to pursue a range of options to cater for circumstances to best meet obligations and maximise benefits on behalf of all customers.

Attachment 1 provides our responses to the questions raised in the issues paper. If you have any queries or wish to discuss this matter further please contact Joe Romiti, Regulatory Analyst at Endeavour Energy on (02) 9853 6232 or via email at joseph.romiti@endeavourenergy.com.au.

Yours sincerely,

Jon Hocking
Manager Network Regulation
Endeavour Energy

Endeavour Energy

Attachment 1 - Responses to Questions in the Issues Paper

Questions		Feedback
Question 1 – Jurisdictional opt-in provisions		
(a)	Should the arrangements supporting the transition to off-grid supply include an explicit mechanism to enable jurisdictions to determine when the national framework for SAPS would come into effect for DNSPs in their jurisdiction?	We support the concept of an explicit opt-in mechanism however allowing jurisdictions discretion over when to adopt the national framework could deny customers of potential benefits where a decision is delayed. Requiring jurisdictions to opt-in before a specified date would limit inconsistency across jurisdictions and provide DNSPs, non-network service providers and customers with certainty over when the new regulatory framework will apply. Any specified date would need to be practicable and allow jurisdictions sufficient time to have adequate safety and reliability arrangements in place.
(b)	Should this mechanism provide jurisdictions with the flexibility to opt-in to the national framework on a more bespoke basis e.g. on a regional or distribution area basis, rather than state or territory wide?	
Question 2 – Efficiency pre-condition		
(a)	Is the RIT-D and supporting consultation process appropriate in the context of SAPS, including in respect of the different models of SAPS supply (that is, microgrids and IPS)?	A RIT-D assessment requires a DNSP to capture and compare the market wide costs and benefits associated with a non-network option (SAPS) against other credible options including more conventional network replacement and augmentation. When applied correctly, the test has been proven effective in its objectives to enhance consideration of non-network options; promote greater collaboration with non-network service providers; and provide transparency about the option evaluation process. For these reasons, we believe the RIT-D is appropriate in the context of SAPS and will ensure customers are transitioned off-grid only where it is found to be the most cost-effective option.
(b)	To ensure they remain fit-for-purpose in the context of SAPS, what (if any) amendments may be required to: • the RIT-D test (including to the classes of market benefits and costs) • the RIT-D consultation process and information requirements (including in relation to the non-networks options report), and • the AER's application guidelines?	We believe the RIT-D is fit-for-purpose and does not require amending to accommodate a new SAPS framework. As networks would have limited experience in applying the RIT-D involving a SAPS option, DNSPs may benefit from updates to the RIT-D application guidelines to include guidance specific to off-grid transfer considerations including how to capture and quantify possible new classes of market benefits offered by a SAPS transfer.
(c)	Is there a need to develop a light handed, targeted test to apply where the RIT-D is either not applicable or not proportionate? What might this test and/or assessment process look like?	With the possible exception of microgrids and large capacity SAPS, we expect potential projects where customers would be more efficiently supplied by a SAPS will be less than the RIT-D threshold. In cases where the RIT-D does not apply, the incentive schemes and efficiency related obligations within the

Questions		Feedback
		regulatory framework, in conjunction with AER compliance oversight including ex-post review powers, encourage DNSPs to consistently pursue cost effective solutions. In assessing SAPS projects, DNSPs should be permitted to apply established BAU planning and governance processes used to guide efficient investment decisions. Requiring DNSPs to apply an additional test specifically for SAPS will add administrative burden and provide no obvious offsetting benefits to consumers.
Question 3 – Consumer consent provisions		
(a)	Is a requirement for customer consent necessary? If existing consumer protections can be maintained for SAPS customers, is consent necessary? If so, should this be based on a unanimous or majority consent model? What are the implications and issues associated with each model?	Market wide net benefits would be maximised if customer transfers were permitted without requiring prior customer consent and would also avoid situations where a single customer can veto a demonstrably efficient decision. We do not consider an obligation to obtain consent should be mandated. We understand this is a sensitive issue and it would be in the DNSPs interests to avoid reputational damage and work collaboratively with customers to secure their acceptance of a SAPS supply. We consider the arrangements in New Zealand, where transfers occur following a thorough consultation process, are worth exploring further.
(b)	Are customers equipped to make informed decisions, particularly with respect to understanding what they are agreeing to in terms of reliability and security, and potentially price, outcomes? Should explicit informed consent be required before DNSPs transition customers from the grid to supply via a SAPS?	Explicit consent would not be necessary if transferred customers retain the same consumer protections as grid connected customers. Nevertheless, we recognise DNSPs will have an important role in informing customers of the full implications for going off-grid including detailed information on all new arrangements that differ from those encountered under their previous grid supply and return to grid process.
(c)	Where consent is considered appropriate, could incentives be offered by DNSPs to secure the consent of affected customers? What might these be (and could the benefits of a SAPS be shared)?	Through demand management, DNSPs are encouraged to explore cost effective opportunities with grid customers, with payments made to incentivise behaviour that avoids/reduces the need for a more expensive network solution. In the case of SAPS transfers, it may be appropriate for a DNSP to also offer incentives to secure customer approval that will allow the most cost efficient solution to proceed if a consent model is adopted. These costs should be incorporated in the project cost-benefit analysis. However, this may lead to customers purposely 'holding out' until offered an incentive from the DNSP that would see them provided supply on a more favourable basis

Questions		Feedback
		than an equivalent grid connected customer. Such behaviour would be avoided if efficient transfers were permitted without obtaining customer consent.
(d)	What alternative mechanism(s) could be used to ensure the long-term interests of affected customers are met?	Amendments could be made to the NER outlining the process to be followed in transferring a grid connected customer to a SAPS. This would include all necessary customer consultation and notice requirements.
Question 4 – Regulatory oversight role		
(a)	Is there a need to incorporate a formal oversight and/or approval role by the AER (or other appropriate body) in relation to the transition arrangements for DNSP-led SAPS?	We do not consider there is a need for the AER to provide a SAPS transfer oversight or approval role. The AER's current compliance monitoring functions would be sufficient to ensure DNSPs are accountable for making efficient SAPS decisions which are in the long-term interests of customers.
(b)	Who would be best placed to perform such a role?	
(c)	If the AER is the appropriate body, what additional benefits might be provided by giving the AER additional powers in relation to SAPS, given it is already responsible for monitoring, investigating and enforcing compliance with various aspects of the energy laws and rules?	
Question 5 – Grid-connection pre-condition		
(a)	Should new customers or developments without an existing grid-connection be eligible for SAPS provision facilitated by a DNSP? Why or why not?	Off-grid supply is likely to be more cost effective for new customers in remote areas than obtaining a grid connection (recognising new customers are required to fund the work required to accommodate their grid connection). Where there are providers willing to provide SAPS to these customers, there is limited merit in allowing new customers access to SAPS facilitated by a DNSP. Where there is insufficient provision of SAPS services by third parties, new customers will have no option other than to seek a grid connection. In such situations, we consider it would be appropriate for the DNSP to provide a SAPS solution rather than facilitate a grid connection where it provides the most efficient outcome. We note however, this may lead to new SAPS customers seeking to obtain the NER protections provided through a DNSP-led SAPS - particularly for pricing and standard of supply. This will add to DNSP costs.
(b)	Would new customers always have a financial incentive to obtain SAPS from the competitive market? Could implementation of a SAPS for a new customer or group of customers by a	New customers may not always have a financial incentive to obtain a SAPS from the competitive market. If new customers are required to fund the provision of a SAPS (consistent with their current obligation to fund dedicated grid connection costs), there is no opportunity

Questions		Feedback
	DNSP result in network savings?	for them to benefit from seeking a DNSP facilitated SAPS solution. The costs of procuring a SAPS would be the same as offered by the contestable market. However, under a DNSP option, the customer would then 'gift' the SAPS to the DNSP and benefit through cross subsidisation of recurring inspection and maintenance costs with other network users. If a SAPS is procured through a non-DNSP, there is no opportunity to share inspection and maintenance costs with other network users. The obligation for a DNSP to inspect and maintain SAPS to meet minimum specified performance standards would increase network costs.
(c)	Would enabling DNSPs to consider and potentially implement a SAPS solution as an efficient alternative to grid connection for new customers damage the competitive market for SAPS? In answering this question, consider new customers located in remote areas where a competitive market for SAPS may not be established.	The competitive market for SAPS is unlikely to be adversely impacted as DNSPs would likely engage with the competitive market in procuring a SAPS and associated recurring services at the lowest cost.
(d)	What are the potential issues associated with DNSP obligations to connect where SAPS are regulated under the national framework?	Improving SAPS designs and capabilities could result in new customers opting to locate further away from the grid. Without an ability to deny a request for supply (whether it be to the grid or a SAPS equivalent), DNSPs would be obliged to regularly inspect and maintain SAPS installations. Although these services would likely be provided by third parties, network customers will bear the additional cost of providing these services.
Question 6 – Right of reconnection		
(a)	Should existing reconnection rights apply unchanged to DNSP-SAPS customers wishing to seek reconnection to the grid? Alternatively, should the SAPS arrangements include special rights for DNSP-SAPS customers seeking to reconnect/revert?	The process for reconnection to the grid from transferred customers should be the same as for new applicants seeking an initial grid connection (i.e. the costs for reconnection funded by the customer rather than from all customers through network charges). However, where standards have been consistently below those either guaranteed or expected, it may be reasonable to return customers to the grid without having them bear the full reconnection cost.
(b)	Should the reconnection rights of DNSP-SAPS customers who have provided consent (where applicable), or new customers, differ from the rights of customers who have not provided their consent to be moved?	We do not support a consent based model and note such complexities would be avoided under a guaranteed minimum standards approach.
(c)	What might a "return to grid process", including charges, look like for DNSP-SAPS customers?	This should reflect the normal connection approval process for new connections in the same area.

Questions		Feedback
(d)	Would a mechanism need to be designed to avoid any potential to burden other customers with the costs of reconnection?	Other customers will not be burdened by requiring connection applicants to fund their dedicated connection costs.
Question 7 – Defining the SAPS system service(s)		
(a)	Should the national framework be designed around one model of SAPS service provision which could accommodate various circumstances? What might this model look like?	The framework should be sufficiently flexible to accommodate a range of possible SAPS configurations as it is not likely a single model will provide the most efficient outcome in all circumstances. The framework needs to facilitate the selection of the most efficient option by allowing DNSPs to pursue a range of options to cater for circumstances to best meet obligations and maximise benefits on behalf of all customers.
(b)	If the answer to the previous question is no, should this review focus on establishing a framework that allows DNSPs to pursue a variety of approaches to SAPS service provision, depending on the circumstances at hand? Why or why not?	
(c)	In what circumstances (if any) might it be appropriate for a DNSP to own/operate a vertically integrated SAPS solution?	Where functions within a SAPS solution cannot be provided on a contestable basis, it may be most efficient for a DNSP to provide all SAPS services through a vertically integrated solution.
(d)	When (that is, at what stage point in the process) would contestability in the provision of SAPS be tested and by who?	The AER is best placed to test SAPS appropriate contestability arrangements when classifying services as part of the Framework and Approach.
Question 8 - Role of the distributor		
(a)	Are the issues identified in the contestability of energy services rule change applicable in the context of SAPS?	Whilst we recognise the merit in restricting DNSP involvement in behind-the-meter assets, we do not consider the competition issues identified in the rule change (which predominantly relate to common network scenarios and grid configurations) are necessarily relevant in a SAPS transfer scenario. We believe a DNSP-led transfer of existing customers will support rather than hinder development of a SAPS market. DNSP involvement in behind-the-meter assets in many instances will be required to deliver the most efficient outcome for all customers.
(b)	Is it necessary and appropriate to restrict the ability for DNSPs to earn a regulated return on behind-the-meter and/or in-front-of-the-meter assets specifically associated with the provision of SAPS? Why or why not?	Where SAPS assets (e.g. generators and batteries) are used to provide a distribution service at lowest cost with no obvious detrimental impact on competition or customer choice, a DNSP should be permitted to include them in them in the RAB. Applying ownership restrictions would limit the range of service arrangements available to DNSPs in providing an efficient SAPS solution. In the context of SAPS, it is important that the ability to earn a fair return on assets that provide a distribution service not be diminished. Given the potential benefits available from DNSP
(c)	In what circumstances (if any) might it be appropriate for a DNSP to own/operate a vertically integrated SAPS solution (that is, to seek an exemption (where relevant)	

Questions		Feedback
	from restrictions on asset ownership)?	investment in SAPS, it may be reasonable for the AER to provide an exemption to any ownership prohibition.
Question 9 – Provision of retail services		
(a)	Is it likely to be feasible to design arrangements to provide SAPS customers with access to retail competition? What might these arrangements look like?	From a customer's perspective, it may be desirable to retain many aspects of the grid supply arrangements, including the retailer role, as a way to apportion responsibility for the range of services provided by way of a SAPS. Whilst we support examining models of supply that would retain existing relationships, this may not always be possible and should not be a pre-condition of SAPS transfer. In cases where retail competition is not practical, it may be appropriate for the DNSP to provide a retail functions, possibly as part of a vertically integrated model.
(b)	What specific retail services would need to be provided to customers supplied via a SAPS model of supply?	
(c)	Is there a need for a separate retailer role (distinct from the provision of other services) within the SAPS model of supply? Why/why not?	
(d)	Should retail services be managed by an authorised retailer?	
Question 10 – Other roles/responsibilities specific to stand-alone power system provision		
	Who are the key stakeholders within a SAPS model of supply (other than the DNSP and the retailer) and, specifically, what would be their key roles and responsibilities?	A shift towards a more decentralised provision of supply services would result in many SAPS related services to be carried out by multiple parties. DNSPs would need to be confident these providers have the capabilities to ensure service obligations can be met. In large, complex SAPS arrangements, it may be appropriate for the DNSP to coordinate and oversee service provision through the role of SAPS system operator.
Question 11 – Treatment of existing market participants		
(a)	Which existing market participants (if any) may be impacted by a DNSP's decision to transition a customer (or group of customers) to a SAPS model of supply?	No response.
(b)	Should DNSPs be required to consider the impact of transitioning a customer (or group of customers) to a SAPS on these participants? Why or why not? Via what mechanism?	
(c)	Is it necessary to put in place special arrangements for market participants, including embedded generators or retailers, who may be affected by a DNSP's decision to transition customers to a SAPS model of supply? What might these arrangements involve?	

Questions		Feedback
Question 12 – Roles of AEMO and the AER		
(a)	What role could/should the AEMO play within the framework for SAPS provision by a DNSP?	No response.
(b)	What role could/should the AER play within the framework for SAPS provision by a DNSP?	The AER's existing compliance monitoring and regulatory oversight functions should extend to SAPS transfers. We do not consider there is a need for the AER to provide an additional role.
Question 13 – Retail price protections		
(a)	If retail competition is not possible in SAPS, what alternative protections may be appropriate (e.g. retail price controls) for customers receiving supply via SAPS?	Where retail competition is absent or ineffective, we believe SAPS customers should be provided with a form of retail price protection. This protection should prevent customers from being charged higher network tariffs and usage charges than they would experience if connected to the grid.
(b)	Would applying the pricing condition from the AER's retail exempt selling guideline to not charge more than the standing offer price that would be charged by the local retailer be appropriate for SAPS, if retail competition does not apply? Is there an alternative price control that would be more appropriate?	
(c)	In the areas that currently have price regulation, is extending that price regulation to customers in SAPS an appropriate approach?	
Question 14 – Other national energy-specific consumer protections		
(a)	The Commission has suggested a general principle that energy-specific consumer protections for customers being supplied via a DNSP-led SAPS should be equivalent to those for grid-connected customers. Are there any significant provisions that wouldn't apply, or would require amendment for customers under a DNSP-led SAPS model of supply?	We support this general principle. Maintaining consumer protections would likely be a valued pre-condition for most customers and would significantly enhance the likelihood of expeditiously obtaining customer support for a transfer. We also support an approach that would eliminate disparity in protections between DNSP-led SAPS transfers and third-party led SAPS transfers.
Question 15 – Consumer protections specific to SAPS customers		
(a)	Are there any additional consumer protections that may be necessary for SAPS customers?	No response.
(b)	In relation to detailed product information for the SAPS, what are the minimum provisions that should apply (if any)?	

Questions		Feedback
Question 16 – Options for providing electricity-specific consumer protections		
	To provide equivalent protections for consumers receiving electricity supply via SAPS is the most efficient approach to amend the jurisdictional Acts adopting the NERL, as well as amending the NERL and NERR? Is there an alternative approach which may be more effective?	No response.
Question 17 – Reliability, security and quality		
(a)	What reliability, security and quality standards are appropriate for DNSP-led SAPS? Should the same reliability and service quality levels apply as for grid-connected customers?	Notwithstanding the reliability and safety improvements that SAPS can offer remote customers, we believe transferred customers should expect to receive a service quality no worse than experienced when connected to the grid. From a reliability perspective, to achieve this outcome networks should be required to achieve the same or better level of reliability as provided to customers connected to the grid. That is, reliability performance should be measured against the SAIDI and SAIFI targets for the relevant feeder category. This principle should also guide the approach to other measures of service quality e.g. customer service, power quality, safety etc.
(b)	Are there any existing network reliability, security and quality standards that would be difficult to comply with for SAPS? For example SAIDI and SAIFI requirements may have equivalent principles, but the practice for determining them may be different in SAPS.	
(c)	Should GSLs be determined for DNSP-led SAPS? If so, should the same standards apply as for grid-connected customers (why/why not)?	If the customer is transitioned to off-grid supply by the DNSP and continues to be a customer of the DNSP then the same standards should apply as for grid-connected customers.
Question 18 – Other jurisdictional consumer protection considerations		
(a)	Are the other jurisdictional issues presented in section 5.6 less likely to be a concern for DNSP-led SAPS (why/why not)?	No response.
(b)	Should any of these issues be examined in greater detail in relation to DNSP-led SAPS?	No response.
Question 19 – Third party stand-alone power systems – decision making framework		
(a)	Which party should make the decision to transition customers to a SAPS and which party/ies should approve the decision	Our primary concern relating to non-DNSP led transfers is the failure by these parties to consider and price the full economic implications of detaching customers from the grid. As a result, customers on the grid may be disadvantaged if required to pay for the costs grid defection. The AER or alternatively jurisdictional regulators may be best placed to assess the appropriateness (based on efficiency optimisation) of third party led transfer.
(b)	What should be the grounds for deciding to transition customers to a third party	The transition of customers to SAPS should be permitted where it is efficient. Maximising economic efficiency for all customers should be a pre-condition for

Questions		Feedback
	SAPS?	third-party led SAPS.
(c)	Which mechanisms should be employed to seek approval and/or consent?	Third parties should be required to consider broader market wide implications, including those for customers remaining on the grid. This would align to the process DNSPs are required to demonstrate the efficiency of expenditure decisions (e.g. RIT-D).
(d)	If the consent of transitioned customers is sought, what is the proportion of customers that should provide their consent? Should consent factors be defined, and what should they be?	Unlike DNSP led transfers - where obligations to provide minimum service levels and energy-specific protections would be preserved - third party provision of SAPS offers potential off-grid customers no such security. It may therefore be appropriate for third parties to obtain unanimous (or close to) customer consent.
(e)	Should transitioned customers, either individually or collectively (in the case of a microgrid), retain the right to reconnect to the grid?	Yes, aligned with normal connection processes.
Question 20 – Third party stand-alone power systems –asset transfer and stranded assets		
(a)	Is there a role for the AER, jurisdictional regulator or other body in setting or approving asset values and pricing methodologies as a result of the transfer?	Given the likely propensity for parties counterparties to have differing views on asset values, the AER may be best placed to authorise RAB removals.
(b)	How should asset transfers be treated in the DNSP RAB?	It would be appropriate to treat asset transfers the same as asset disposals.
(c)	How should stranded assets be treated in the DNSP RAB?	It would be appropriate to treat stranded assets the same as asset disposals. Assets should only be deemed stranded once a payment for the residual value has been received from the third-party initiating the off-grid transfer.
(d)	Should corresponding fees be charged to the transitioned customers and customers left behind on the grid?	No response.
(e)	Is a dispute resolution framework design required for asset transfer and stranded assets? What are the key elements of the design?	No response.
Other comments on the review or consultation paper		
	Do you have any other comments on the rule change request or the consultation paper?	