

TO: Elizabeth Bowron
Australian Energy Market Commission
elizabeth.bowron@aemc.gov.au

FROM: John Herbst
SA Energy Consumer
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Dear Ms Bowron

Thank you for accepting this submission on Rule Change Request ERC0258, *Early implementation of ISP priority projects*. This submission is made as a concerned individual and has not been reviewed or endorsed by any other person or group. As you will see on page 2, this submission has been made with urgency, so I apologise if it is unclear. I invite you to contact me on the phone number provided to the AEMC separately, or by email.

SA Power Networks, DNSP for South Australia, has proposed unexpected new tariff structures for 2020-2025 which I expect to drive faster uptake of home battery storage than could have been predicted under its previously published plans. The Time of Use tariff for residential customers includes two daily peaks: one in the morning and one in the evening. This dual-peak feature will allow battery owners to shift loads twice per day, potentially doubling the investment value of batteries (and halving the payback period) compared to shifting loads just once per day. Uptake of battery storage by SA customers is also being driven by generous incentives from the State. This will drive further uptake of storage by small electricity consumers which may not have been captured in existing RIT-T models.

Sufficient uptake of battery storage by SA customers, coupled with pricing and policy incentives to use the technology correctly, drives down the investment value of the proposed interconnector to SA. If SA takes care of its energy security and reliability issues but the interconnector project goes ahead anyway, it could become a liability for SA electricity customers, requiring additional MW of response in order to keep the lights on in SA when generators go down simultaneously in other states.

It would be imprudent to speed up projects which may have very different investment value forecasts in the short-term. To be clear, I am not saying that proposed interconnectors are imprudent investments, I simply wish to ensure that forecasts are based on actual policy rather than clearly false assumptions, which must now be the case for SA forecasts, and may soon be the case for the other affected states.

I therefore ask that this Rule Change be rejected, as it adds risk for SA consumers and may cause the AER to do unnecessary work on an inefficient project. The benefits of early commencement of the project do not clearly outweigh the prudence of following established rules. Amending the Rules for particular projects also does not seem like the best way to approach timing problems.

Standing for late submission asking the AEMC to reject this rule change

I acknowledge that the AEMC requested submissions asking it to reject this Rule change by 9 February. I was not able to make this submission by the requested date because though SA Power Networks had published its Draft Regulatory Proposal 2020-2025, the proposal had not yet been published by the AER. I have therefore made this submission with urgency at the first opportunity. I note that this submission has been made within the deadline for regular submissions. If the AEMC cannot accept my request to reject this rule change, then I ask that the AEMC to consider wording which will remove the intended effect of speeding up these projects, due to the need for prudent revision of assumptions and forecasts.

Thank you again,

John Herbst

SA energy consumer & Member of SA Power Networks' Renewables Reference Group