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Lodged via the AEMC's [website](#)

Dear Jessica,

AEMC's unlocking customer energy resources (CER) benefits consultation paper

Jemena Electricity Networks (**JEN**) welcomes the opportunity to respond to the Australian Energy Market Commission's (**AEMC**) unlocking customer energy resources (**CER**) benefits consultation paper (**the consultation paper**). Overall, we do not support the proposed rule change for the following reasons:

- the consultation paper does not define a clear problem statement
- there will be increased cost and complexity for customers and there is no benefits case
- we are concerned about who controls behind-the-meter assets and who is ultimately responsible.

We expand on these concerns below.

No clear problem statement

The consultation paper does not define a clear problem statement and therefore it is not clear what problem the proposed rule change is seeking to solve. The consultation paper states:

The Energy Security Board (ESB) identified that allowing consumers to separate their CER from their other load would offer more flexibility, including the ability to take up new and innovative services for CER while not needing to change their behaviour for their everyday energy use.¹

In response, AEMO proposes introducing flexible trading arrangements by enabling consumers to have their CER separately identified and therefore treated independently in market settlements, allowing consumers to engage with multiple service providers.²

We do not consider that customers engaging with multiple service providers or financially responsible market participants (**FRMPs**) is necessary to access more flexible services. Customers can currently have their CER separately identified, access flexible services and participate in demand-side markets under the existing regulatory framework (e.g., via network tariffs, virtual power plants and other aggregator services). A market already exists (albeit in its infancy), vendors are engaging customers and other market participants, and flexible services are available within the existing market rules.

¹ AEMC, *Unlocking CER benefits consultation paper*, December 2022, p. i.

² AEMC, *Unlocking CER benefits consultation paper*, December 2022, p. ii.

Increasing cost and complexity

Introducing multiple FRMPs behind a customer's single connection point, as outlined in the three options presented in figure 3.1 of the consultation paper, will significantly increase costs and complexity for customers. Regarding cost, the consultation paper outlines:

The Commission considered a rule change request on multiple trading relationships in 2015 providing for multiple settlement points to be associated with a single connection point, and in February 2016 the Commission ruled against such a change in part due to costs.³

It is unclear what has changed between the AEMC's February 2016 decision and this proposed rule change that indicates that multiple trading relationships or flexible trading arrangements (ostensibly the same product but a slightly different design) are now beneficial for customers. Given the significant changes outlined in the proposed rule change, we consider an open and transparent cost-benefit analysis that is widely consulted on is required to ensure that customers would ultimately benefit from such changes and that the long-term benefits would exceed the costs.⁴

Control and responsibility

It is unclear who will control behind-the-meter assets under the options presented in figures 3.1 and 5.1 of the consultation paper. This includes the controllable resources 'switch' outlined in figure 5.1. As a distribution network service provider (**DNSP**), this raises significant safety issues, concerns for the operation of the electricity network and unintended consequences for customers.

For example, an unintended consequence of the Model 2 design is that self-generation used for on-premises devices is repurchased from the market even though it is generated on-site; this occurs when the electricity generation could pass through market meters.⁵ With export tariffs at 4c/kWh and grid-connected electricity at 25c/kWh, the customer is paying much more than if they were self-generating behind the meter, which negates the economic reason for self-generation.

Further, having multiple FRMPs at one premise under the options presented will blur roles and responsibilities. For example, it is unclear how Retailer of Last Report events will be managed. Further, for DNSPs, the options presented will make it increasingly challenging to implement cost-reflective network tariffs and introduce dynamic operating envelopes (**DOEs**). For example, under the subtractive metering option in figure 3.1, a DNSP may establish a DOE for a customer and send a signal to FRMP1 at settlement point 1, but FRMP2 at settlement point 2 may not adhere to the required DOE conditions. This could interfere with the operation of the electricity network and unwind the benefits that DOEs will deliver. It is unclear where the ultimate responsibility lies in this example.

If you have any questions regarding this submission, please contact me on 03 9173 7000 or matthew.serpell@jemena.com.au.

Kind regards,



Matthew Serpell
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³ AEMC, *Unlocking CER benefits consultation paper*, December 2022, p. 13.

⁴ Consistent with the Australian Government's August 2007 [Best Practice Regulation Handbook](#).

⁵ This design is possible under Model 2 and arises when generation sources of electricity are *switched* through one meter and consumed through the other meter, even though both generation and consumption occur on the same premises.