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Lisa Shrimpton
Australian Energy Market Commission

Submitted on line

Dear Ms Shrimpton

RE Unlocking CER benefits through flexible trading

TasNetworks appreciates the opportunity to respond to the Australian Energy Market Commission's (**AEMC's**) request for submissions to its directions paper on Unlocking Consumer Energy Resources (**CER**) Benefits through Flexible Trading.

TasNetworks is the Transmission Network Service Provider (**TNSP**), Distribution Network Service Provider (**DNSP**) and Jurisdictional Planner in Tasmania. The focus of these roles is to deliver safe, secure and reliable electricity network services to Tasmanian and National Electricity Market (**NEM**) customers at sustainable prices. As such, TasNetworks is committed to ensuring customers can maximise the benefit of their investment in CER.

As both a TNSP and a DNSP, TasNetworks' role is to connect customers to each other, whether they be generators or consumers of electricity. This includes providing customers with CER as much flexibility in the amount and timing of the electricity they trade without negatively impacting the network costs of other (non-CER) customers. TasNetworks has contributed to and supports Energy Networks Australia's (**ENA**) submission and provides the following comments from a Tasmanian perspective.

TasNetworks is supportive of changes that provide improvements in the ability to identify and release CER potential. However, changes should not reduce the benefits from networks providing pricing signals to customers to incentivise behaviour that minimises their impact on the network. There are also concerns on the ability to deliver the proposed reforms. The uptake of CER in Tasmania is lower than in other jurisdictions, strongly influenced by affordability. There will be an even smaller subset that will be looking to use these complex arrangements to maximise their returns. To allow this small cohort to increase the returns on their investment in CER will come at a cost and it is important that these costs are recovered from those benefiting from the investment rather than being borne by the wider customer base. Regardless of who benefits from the changes, a robust cost benefit analysis should be performed to better understand the impact of the proposed changes.

While barriers to unlocking the benefits of CER should be removed, this should not come at the detriment of customers unable to benefit from these changes. This will require that changes that make it easier for customers to, for example have a second connection point or mimic an embedded network so they can benefit from third party offerings, should be funded by those customers.

Any arrangements that result in multiple financially responsible market participants (**FRMPs**) at one site need to consider how one FRMP can request the customer to be disconnected without impacting the other FRMP and how safety concerns can be addressed so in an emergency (like a building fire) power can be disconnected from the entire site easily and reliably. The National Electricity Rules (**NER**) would also need to address what happens should the 'second FRMP' cease trading. One option is for the primary retailer to take over responsibility for the secondary connection with the other option being all usage reverts to the primary connection.

Given these concerns, TasNetworks supports the AEMC's view that excluding residential customers from many of the reforms is apt, certainly until the costs and benefits can be better understood. Having a trial open to commercial customers initially would seem prudent.

Minor Energy Flow Meters

There are some benefits from the proposal to introduce minor energy flow meters in situations where unmetered supplies currently exist. The ability to remotely energise/de-energise these loads could be used as a demand management enablement device. Access to the energy consumption data could also be used in the future to aid in the identification of street light failures and improve fault response times. However, a major benefit of minor energy flow meters as compared to standard NEM compliant meters, the lower costs, reduces with every additional capability that minor energy flow meters are required to possess. And with the take up of the technology being an opt-in and the benefits predominantly requiring a high percentage of sites being on the new technology there will be a potentially long lead time between the costs being incurred and the benefits being realised.

AEMO have stated that the current processes for managing unmetered supplies causes errors in market settlement but have not quantified them and therefore the cost to the market is uncertain. There are already incentives to change streetlights to LEDs due to the lower energy consumption rates applied in market settlement and it is unclear what the additional benefits to councils would be from also moving to metered sites at the same time (i.e. the benefit from going from halogen to LED should not be treated as a benefit attributed to this reform).

As a DNSP that has made a decision to fully exit metering, we would be strongly opposed to see responsibility for meter coordinator, meter ownership, maintenance and data provision fall on the DNSP. To do so would require re-equipping the business to manage meter data provision and meter provision which would come at a cost ultimately born by customers. There are also concerns about how to manage third party access to our existing assets in order for them to install and maintain minor energy flow meters. One potential solution would be for the Rules to require that DNSPs provide a contracted service for meter installation and maintenance on behalf of a contestable metering provider (**MP**). This would remove the access related issue, as well as the need for the DNSP to hold MP accreditation for a small number of sites.

For more information or to discuss this submission, please contact TasNetworks' Technical Regulation Specialist, Tim Astley, at tim.astley@tasnetworks.com.au.

Yours sincerely

Chantal Hopwood

Head of Regulation