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11 April 2024

Dear Ms Collyer,

Re: Unlocking CER benefits through flexible trading

Evergen (a subsidiary of Pacific Bidco Pty Ltd) welcomes the opportunity to provide the Australian Energy Market Commission (AEMC) with feedback on the rule change request submitted by the Australian Energy Market Operator (AEMO) related to unlocking the benefits of Community Energy Resources (CER) through flexible trading, and AEMC's draft determination.

Evergen was founded as an Australian company in 2016. We are a software and infrastructure platform for enabling CER monitoring, control, optimisation and orchestration. Rather than being a VPP, we enable VPP owners and CER owners to readily integrate and participate in energy markets. From beginnings that focused on residential batteries, Evergen has developed the capability to accommodate a variety of CER types on our platform, including flexible loads and EV chargers.

Evergen's view on the draft determination reiterates points made in our earlier submission during the initiation period of this rule change request, available here: https://www.aemc.gov.au/sites/default/files/2023-03/Evergen_AEMC_Flexible_Trading_Submission__final_%20%281%29.pdf

The view expressed here focuses exclusively on flexible trading for small-scale customers only.

Our view is that AEMC and AEMO have neglected to fully consider the primary point made in Evergen's earlier submission: that for small consumers with local generation such as photovoltaics (PV), the benefits of secondary settlement points are questionable. The Energeia CBA accompanying AEMC's draft determination similarly assessed benefits with individual CER scenarios (a unidirectional EV charger, a bi-directional battery), and did not consider the more realistic context of sites that have multiple CER such as solar, battery and flexible loads.

As we highlighted in our earlier submission, **the most significant and straightforward source of value for a consumer with PV is to maximise solar self-consumption and minimise the need to import from the grid**. To maximise this value, PV (and batteries) need to be on the same circuit and billed against the same meter as loads. Fragmentation of CER behind separate settlement points erodes self-consumption value.

Physically it might seem that local solar generation is supplying local loads, but from a billing perspective, subtractive metering means that loads behind different settlement points to solar generation will be deemed to be serviced by grid imports, not by local solar generation.

Given that AEMC's draft determination proposes that secondary metering is voluntary for small customers, AEMO and AEMC might view this issue as unproblematic. Customers who have solar will simply avoid using a secondary settlement point, while customers such as those with no solar but flexible loads could pursue it. However, Evergen emphasises three points in response:

1. Value of the rule change requires high participation

If AEMO's goal in proposing this rule change is to increase participation of CER in the market, then avoiding this issue risks establishing costly new arrangements with minimal participation from small

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consumers, especially the millions who have or will soon have PV. Households with a variety of CER including PV are the forecast norm in years to come.

2. DNSPs using the rule change to impose additional compulsory connection requirements

To maximise perceived benefits of CER participation from their own perspective, DNSPs may seek to build on this voluntary framework by establishing compulsory conditions in their connection requirements for CER. For example, a DNSP may require that an EV charger be installed behind a secondary settlement point, to allow visibility and control. Such an outcome would prevent a small customer with PV from self-consuming solar for their EV charger, a bad outcome for the consumer.

3. Consumer confusion

The risk of consumers being misled - even inadvertently - and being worse off seems non-negligible. For example, a particular consumer with pre-existing PV who now buys their first EV, may switch to a retailer who offers an attractive EV tariff. This tariff might depend on the EV charger being put on a secondary settlement point and accepting some control. The customer may agree to this, not realising that this choice will prevent solar self consumption for their EV load and cost them more money than a standard tariff and no secondary meter, until after receiving their first bill. This outcome already happens with off-peak hot water and solar-battery installations.

Evergen fully appreciates the need for increased visibility and active participation of CER in the market. This is perfectly aligned with Evergen's business proposition to serve as a platform for the monitoring, control, optimisation and orchestration of CER.

However, the draft determination and associated CBA do not seem to fully consider the potential costs for individual end consumers with PV - the owners of CER assets.

To summarise the broad challenge here:

How can we as an industry provide clear visibility and control to the market and network operators to afford active participation in various markets, without fragmenting CER behind the meter from a billing perspective and leaving consumers worse off and dis-inclined to participate?

Evergen would be happy to meet with AEMC and AEMO to discuss ways to respond to this challenge. One path forward may be the option for secondary metering to serve only for visibility and verification, but not be used directly for billing, leaving retail billing at the primary settlement point. A case would need to be made for why the rule change is necessary for this.

Best regards,

Ben Hutt

CEO