11 April 2024

Australian Energy Market Commission

Electronically: https://www.aemc.gov.au/contact-us/lodge-submission

RE: ERC0346 Draft rule determination Unlocking CER Benefits

Origin Energy appreciates the opportunity to provide a submission in response to the Australian Energy Market Commission's (AEMC) Draft rule determination *Unlocking CER benefits.*

Origin understands that this is intended to be a voluntary change, both for customers and retail providers. We support competitive markets and consider changes which may have future benefits, and which do not force costs onto providers, can provide for innovation within the market.

- Origin supports efforts to ensure the benefits of customer energy resources (CER) are available to customers. Origin does not consider that flexible trading arrangements that require the inclusion of additional connection points are required to provide benefits of CER to large customers. We are concerned that the practical application of this draft determination will not be truly voluntary for retailers who have additional market obligation such as Retailer of Last Resort (RoLR).

- Origin is not supportive of the AEMC's inclusion of small customers in its proposed change. The AEMC had previously indicated it intended to exclude small customers due to the complexities of the National Energy Retail Rules (NERR). We infer that their inclusion here is designed to support future expansion of CER integration and would prefer small customers be excluded until such time as the NERR expressly considers and supports these more complicated arrangements.

- Origin considers that the inclusion of 'public EV chargers, and electric vehicle supply equipment (i.e., EV chargers) used by households and businesses' within the use-case for the proposed new metering types for managing public furniture and street lighting may be an overcomplicated solution that can already be provided for under current arrangements.

Origin's views on these issues are set out below.

Large customer CER

In our submission to the directions paper, Origin stated that we did 'not consider complexity a limiting factor since customers with [these] large installations also employ specialist energy managers to negotiate their agreements'. We made this statement considering the navigable structure of current market arrangements and did not anticipate that the AEMC would 'prefer' an approach to metering design for large customer CER which effectively creates an inverse Embedded Network structure under which the customer can host multiple different service providers through separate metering.

While we believe that CER customers probably could navigate such settings, it is unlikely they would want to. It is easier to ensure that there is a benefit to a customer if the CER and the customers load are connected using the same connection point. At its most simplistic, this is because this allows the customer to offset usage with the energy created from the CER installation before it is exported into the grid. Further, it is unlikely a large customer would consent to the level of access and data rights that would be required to make use of the proposed design.

Separately, the AEMC has indicated that this draft determination creates a 'voluntary' structure. As discussed with the AEMC, we would seek to clarify for whom this is voluntary. Retailer of Last Resort

(RoLR) arrangements provide for the retailer and the C&I customer to enter into a new agreement on fair and reasonable terms. This could be read to include arrangements at the sub meter structure. On this basis, any retailer that holds a RoLR responsibility could be obliged to design and build a system to support this sub metering structure, even if no customer ever decides to utilise it. If this is the case, the change would not be truly voluntary and would place additional costs and obligations on specific providers as a result. The AEMC could rule out any uncertainty by expressly excluding the need to offer such an arrangement under the RoLR obligations in its determination.

In its high-level implementation design, shared with industry on Friday 4 April 2024[1], AEMO has indicated significant B2B and MSATS changes to support this rule change which do not align with a voluntary participation in the rule. If the implementation of this reform is to be truly voluntary to industry, the AEMC must provide a framework within the rule determination to allow for the design to be implemented without prejudice to participants who choose not to create supporting framework for secondary settlement points.

Small customer CER

Origin is not supportive of the AEMC's inclusion of small customers in its proposed change. The AEMC had previously indicated it intended to exclude small customers, due to the complexities of the National Energy Retail Rules (NERR).

In the draft determination the AEMC has included small customer metering configurations and proposed that a small customer can install sub-metering for their CER. While the proposed arrangements would still only allow for one FRMP at the address, we do not believe that metering installations are the appropriate mechanism for control of small customer CER.

This is for two reasons:

1. Most benefit of CER to small customers is the offset of their energy usage costs by consuming energy that they generate before any is exported. This proposal would remove that benefit, and there would be little incentive for a small customer to engage with a product that provided no benefits while being expected to carry the installation costs.
2. CER (e.g. rooftop solar, batteries, electric vehicles) can be identified and managed separately from other 'passive' consumer loads (e.g. lights, fridges) without the need to install metering. This can be more simply achieved through inverters or other Internet of Things (IoT) technologies. These IoT technologies are more easily upgraded and less costly than meter installations.

Additionally, we have not been able to identify any in-practice benefits to small customers of the proposed structure set out in the draft determination. If a customer were to bear the cost of installation of the CER, the pay-back period is calculated largely in consideration of avoided cost of importing energy from the grid. Using the proposed structure would remove the benefit to the customer.

We infer that the inclusion of small customers is designed to support future expansion of CER integration. We would prefer small customers remain excluded until such time as the NERR expressly considers and supports these more complicated arrangements, to ensure there is no unintended consumer detriment resulting from introducing the proposed arrangements while the NERR remains unclear in its application to these.

Type 8 metering implementation

We maintain that a cost benefit analysis would clearly demonstrate whether there is any benefit to increasing technological capacities against the potential difference in billing accuracy for the original purpose of introducing type 8 metering, I.e., NONCUMUL assets such as public lighting. Origin

[1] Slide 20 of AEMOs High Level Implementation Design indicates 7 areas of high impact, 3 of these to FRMP participant types. New NMI identifiers and B2B transactions to support the proposed metering arrangements are included, and likely to require changes from other participant types.

considers the proposal must be demonstrably more efficient and cost effective than the current arrangements to be considered a viable solution, particularly for those who would be required to pay for retrofitting.

Origin considers that the inclusion of electric vehicle supply equipment (i.e., EV chargers) used by households and businesses within the use-case for the new type 8 meters is not appropriate. This inclusion seems designed to justify the introduction of a new metering class to deal with an issue that has not been verified as material.

We would query whether the roll-out of these type 8 meters is feasible given the commitment to complete the roll out smart meters by 2030. Installers are already stretched in achieving this target. The introduction of new, lower metering classes for CER or public lighting purposes are likely to be considered as a lower priority than installing smart meters or every home.

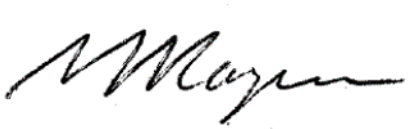
Finally, given the timeframes involved in getting a new class of meter approved to obtain pattern approval from the National Measurement Institute or for AEMO to design a basic specification for this purpose, it is unlikely that a customer could choose to install a type 8 meter by the proposed implementation date. On this basis we would suggest the implementation date be revised to a time when such a meter may be available for use.

Implementation timeframes

In our assessment of the changes required and the timelines proposed for implementation by the AEMC, we do not consider there is adequate implementation time provided. There are a significant number of NEM reform changes that are to be implemented within the implementation timeframes proposed by the AEMC. We would prefer the change not commence until 2027, which would also provide a market with a larger penetration of smart meters.

If you have any questions regarding this submission, please contact Courtney Markham in the first instance on 03 9821 8086 or at courtney.markham@originenergy.com.au.

Yours sincerely



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