



SMA Australia Pty. Ltd.
ABN: 44 127 198 761
Level 1, 213 Miller Street
North Sydney NSW 2060
Tel.: +61 1800 SMA AUS
www.SMA-Australia.com.au

16 August 2024

Anna Collyer
Chair
Australian Energy Market Commission
E: aemc@aemc.gov.au

Draft terms of reference for the Electricity pricing for a consumer-driven future review

Dear Ms Collyer,

Thank you for the opportunity to provide feedback on the draft Terms of Reference for the Australian Energy Market Commission (AEMC) *Electricity pricing for a consumer-driven future review*.

As a leading global specialist in photovoltaic (PV) system technology, SMA is setting the standards today for the decentralized, digital and renewable energy supply of tomorrow. Our product range spans the home rooftop sector, commercial and industrial applications and large utility-scale applications in the multi-megawatt range. SMA has a global installed inverter capacity of more than 155 GW in almost every country in the world and more than 9GW inverter capacity in the Australian market from smaller residential systems to large utility scale solar farms. Our product range also includes storage solutions for battery systems of all sizes. Our PV solar inverter and battery storage products are complemented by components for energy management, system monitoring, and data analysis. With approximately 400,000 units sold, the Sunny Home Manager is the world's most popular energy management system for the residential segment. We have over 110 employees across Australia.

We urge you to use this review as an opportunity to ensure there is a 'level playing field' for tariffs available utility-scale batteries.

Our customers include developers of utility scale batteries on transmission networks. They have told us that they would be keen to develop grid-scale battery projects on sub-transmission and high voltage distribution networks. They are not doing so at present because the business case is hindered due to the Network Use of System (NUoS) tariff regime. An uneven playing field exists between transmission-connected batteries and those connected to sub-transmission and high voltage distribution networks.

Developers of transmission-connected batteries can negotiate access to the transmission network as a negotiated service. The price is subject to negotiation with the transmission network service provider (TNSP) and the revenue from such negotiated services is additional to the TNSP's revenue cap determination. In



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contrast, developers of grid-scale batteries connecting to distribution networks must pay a distribution network tariff that covers the NUoS charges in the Tariff Structure Statement (TSS) of the distribution network service provider (DNSP). In many situations a distribution-connected battery would deliver better results for customers and the electricity system but the uneven tariff treatment favors investment in transmission-connected batteries.

We welcome the statements in the draft Terms of Reference (ToR) that the review will take an inclusive view across large and small segments and that in this context, the scope of the review will include issues relevant to consumer energy resources (CER) and distributed energy resources (DER), such as neighbourhood batteries. We urge you to clarify in the final ToR that the scope is not limited to neighbourhood batteries on low voltage (LV) networks, and that it also includes grid-scale batteries on sub-transmission and high voltage distribution networks.

We look forward to working with you as the review progresses.

Best regards,

A handwritten signature in black ink, appearing to read 'Doris Spielthener', with a long, sweeping horizontal line extending to the right.

Doris Spielthener

SMA Australia

Regional Manager APAC & Managing Director Australia & NZ