

## **Ausgrid Submission**

*AEMC Draft Rule Determination: Access, Pricing and  
Incentive Arrangements for Distributed Energy Resources  
May 2021*





27 May 2021

Attn: Mr Jashan Singh  
Australian Energy Market Commission  
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Dear Mr Singh,

Ausgrid is pleased to provide this submission on the Australian Energy Market Commission's (AEMC) Draft Rule Determination *National Electricity Amendment (Access, Pricing and Incentive Arrangements for Distributed Energy Resources) Rule 2021*.

We welcome rule changes that lead to improved customer outcomes, particularly those that enable transformation of the energy system and a transition to a low carbon future. We commend the collaborative process the AEMC and the industry have taken on this rule change to date, including the ARENA's DER Integration Program (DEIP) and our participation in the Technical Working Group for the rule change. We are pleased to see that our views on the consultation paper have been reflected in the draft determination. Our views on the draft determination are aligned with those provided by Energy Networks Australia in its submission.

Successful and sustainable integration of distributed energy resources (DER) is at the core of the AEMC's draft decisions on DER Access and Pricing. It has been a major achievement to reach the shared position across many stakeholder groups – the status quo is no longer sustainable, and the rule change is required. This message has also come out strongly at the AEMC's recent public forum.

We strongly support the AEMC's draft decision to:

- update the regulatory framework to recognise export services as distribution services;
- include export services in network investment and planning decisions;
- extend existing incentive schemes to export services; and
- enable two-way charging to reward behaviours that help save network costs, applying a symmetrical approach to consumption and export.

These draft rule changes are in the long-term interests of consumers, both DER customers and those without access to DER.

We are supportive of the AEMC's draft decision to strengthen consumer safeguards for transition to any export charging, including the new requirement for distributors to develop a transition strategy as part of their Tariff Structure Statement (TSS) process.

Ausgrid also considers it essential that the rules are not overly prescriptive. We agree with the AEMC's consultant (farrierswier) that the TSS consultation process has so far worked well in delivering network tariff reform, and that the Australian Energy Regulator (AER) has effectively managed the impact of the reform by considering customer impacts as part of the TSS assessment.

In our view the AER is well-placed to oversee the transition to two-way charging if enabled by the rule change. Modifying the rules to impose any additional prescriptions (e.g. explicit grandfathering provisions) might limit the flexibility for distributors to share the benefits of flexible symmetrical charging with those customers who are able to provide flexible response (should export charges be introduced). Excessive prescription might also increase the risk of jurisdictional intervention, while maintaining flexibility in the rules would ensure that the framework is responsive to changes in jurisdictional approaches and is robust to future technological or policy changes.

Under the draft determination, the AER is required to review existing, or develop new, guidelines and methodologies to enable incorporating export services into distributors' network planning, incentive schemes and pricing (including the new methodology for Customer Export Curtailment Value (CECV) and new Export Tariff Guidelines). We consider it is very important for the AER to continue engaging with the distributors and customers in a collaborative way as it embarks on developing these instruments. The NSW, ACT, Tasmanian and Northern Territory distributors are already commencing our customer engagement for the regulatory reset 2024-29. For the AER's new guideline and methodology to be timely, a co-design and close collaboration process needs to be in place, with the regulator, networks and customers co-developing the new instruments, in consultation with the local jurisdictions.

Should exports be recognised as distribution services and export charges enabled as an outcome of customer consultation on TSS proposals, distributors would be able to plan for, and deliver, the services that customers value, ensuring that network costs are shared equitably by all users. Without the proposed reform, a faster decarbonisation of the grid while maintaining safety, affordability and reliability of network services would not be achievable. This is a seminal stage in the development of the National Electricity Market and we all, as consumers and service providers, must ensure that we do not waste the opportunity to deliver a lasting enabling change supporting 'more sun for everyone'.

Thank you for the opportunity to engage on this important review. Should the AEMC have any questions in relation to this submission, please contact Alexandra Sidorenko, Network Pricing Manager, on 02 9269 4360 or [alexandra.sidorenko@ausgrid.com.au](mailto:alexandra.sidorenko@ausgrid.com.au).

Yours sincerely



Alex McPherson  
Head of Regulation

A scenic photograph of a winding road at sunset. The road is dark asphalt with white dashed lines, curving into the distance. On the left, a large, leafy tree stands prominently. On the right, another large tree is visible, along with a utility pole and power lines. The sky is a mix of blue and orange, indicating the time is either dawn or dusk. The overall mood is peaceful and serene.

Thank you