

Submission

The Australian Energy Marketing Commission

Re Rule Change Proposal for: 'Access, pricing and incentive arrangements for distributed energy resources'

Background to my submission

I am writing in a personal capacity. I am a private citizen who is gravely fearful for a future where the causes of climate change are allowed to continue unchecked, and indeed to escalate. I am alarmed at our elected representatives' apparent refusal to recognise the problem and take strong and urgent action.

In 2013 I installed a 4kW rooftop solar system costing around \$10,000. I did so for two reasons, the first being to reduce eye-watering electricity costs. The second was because I am aware of the urgent need to move away from fossil fuels, to non-polluting renewable energy, if our planet is to remain habitable in the years ahead.

In late 2019, unhappy with the banks' continued support for fossil fuel companies, I withdrew my savings and invested in an electric vehicle to draw on my solar output. Since then I have powered my vehicle COMPLETELY from my solar panels and it has contributed ZERO emissions.

Since 2013 my input tariff rebates have shrunk regularly, but still largely offset my supply and power usage charges (which are slightly higher than average because I chose a '100% green' option for any electricity that I purchase from the grid).

SA Power Networks' description of the problem

I understand that a Rule Change for pricing arrangements was requested by SA Power Networks, an energy distribution service. (The request was also made by the St Vincent de Paul Society of Victoria, and the Australian Council of Social Service; the major concerns of these organisations are related to social justice. Both call for any rule changes to be fair and equitable.)

SA Power argues that solar panels on Australian rooftops are generating more electricity than the grid can cope with, causing 'traffic congestion'. It warns that unless Networks can control this influx of excess solar energy, they will be forced increasingly to isolate solar systems to keep voltage within safe limits and protect the grid from overload.

SA Power's proposed solution and outcome

SA Power proposes a market solution: amend regulations to allow imposition of charges on rooftop solar generators, to restrict the flow of solar energy into the grid. SA Power argues that this Rule Change will solve the problem and will provide better 'informed customer choice'. It reassures customers that Rule changes will not come into effect for years, and that most users will actually pay very little.

SA Power concludes: 'These changes will lead to improved outcomes for all customers in the long term, as Australia's energy system continues its world-leading community-led transition to distributed renewable energy'.

I am deeply disturbed by the implications of this Rule Change proposal.

MY OBJECTIONS TO THIS PROPOSAL

The submission itself is opaque

The SA Power Network's 31-page submission, subtitled 'enabling customer choice as we continue the transition to a distributed energy future' is a confusing, opaque and wordy document, weighed down with sufficient acronyms to require a half-page glossary. Its intent, and full implications for the future, would be difficult for the average householder (who will be the most affected by the proposed change) to grasp.

The problem should never have arisen

The problem is caused by a lack of forward planning and preparation. Voltage issues were present long before Australia's massive uptake of solar, while energy transmission has been a two-way street for well over a decade. Energy producers, distributors and retailers have been aware of the developing situation for many years. Why have distributors waited until

'hosting capacity' is becoming an urgent problem? Will this innocuous change of rules achieve the desired outcome? Why are householders being singled out to shoulder the burden?

The 'solution' acts as a clear disincentive

Through rebates and the promise of generous feed-in tariffs, Australian householders have been encouraged by Government to outlay thousands of dollars to install expensive solar panels. Uptake has remained wildly enthusiastic (despite the fact that over the past years feed-in tariffs have been eroded until they have virtually disappeared). More than 2.66 million households - one in every 6 - now have invested in rooftop solar systems.

These customers have already signalled that they are prepared to pay for 'carbon-neutral' electricity. Lower electricity bills have been only one incentive. People are now deeply concerned about climate change and see a move to solar energy as one important and immediate contribution that they can make. They do NOT want to continue to subsidise polluting fossil fuel industries.

Many solar panel owners are outraged at what they perceive as a blatant grab for increased revenue and profit; several of my solar-generating acquaintances have indicated that they are seriously considering going off-grid if this rule change is introduced.

If householders opt out in droves, an 'energy death spiral' could be a very real and disastrous consequence.

The rule changes won't achieve the stated objective

People see SA Power's proposal for what it is: a thinly-disguised attempt to prop up a system reaching its 'use-by' date. Traditionally, household electricity was produced almost entirely in large coal-fired power stations, requiring distribution through a massive central grid. The legacy is an ageing, ugly and vulnerable network of poles and wires which fail in storms, cause bushfires, disfigure the environment, mutilate street trees, and kill wildlife. This network is becoming increasingly fragile as climate change brings ever more extreme weather events: severe and frequent fires, storms and floods.

By restricting solar input to what the current system can cope with, networks will be able to delay outlaying large sums to 'maintain' service

levels. But a 'business as usual' approach will not achieve SA Power's stated goal of *'improved outcomes for all customers in the long term, as Australia's energy system continues its world-leading community-led transition to distributed renewable energy'*.

Expanding grid capacity alone won't achieve the objective, either. Even massive new investment in poles and wires will only delay the inevitable. 'Congestion' will return as still more rooftops are fitted with solar panels - something that MUST be strongly encouraged if our energy system is to build on the 'world-leading' success story written by householders.

The proposal is neither fair nor equitable

A double tax:

As well as having paid thousands of dollars to install my solar system, I already pay a fixed daily service (supply) charge regardless of how much or how little energy I use. In addition, I may be subject to a number of other fees and charges: establishment fee, processing fee, termination fee, late payment fee, disconnection/reconnection fee if moving house.

My electricity company sells the excess power I generate for approximately triple the amount I receive for it. To have to GIVE my power away is bad enough. But to have to PAY for the privilege is nothing short of a double tax.

Not equitable:

Solar installation sizes vary - from small households which barely break even with their systems, to those with enormous solar arrays on rooftops, generating thousands of dollars in income. This proposal would disproportionately affect the vast majority, the smaller customers (who are being assured that they will hardly notice the charges), who are still paying power bills.

A more serious inequity relates to the plan to single out solar households when other big generators are not 'throttled back' or asked to pay for the electricity they produce. This benefits the incumbents at the expense of innovation, and - more importantly - at the expense of the planet.

Unfair:

There is nothing 'fair' in the SA Power Network's proposal to allow networks to gouge solar panel owners.

It could be argued that the rollout of solar systems has never been completely fair: unit owners are rarely able to install panels, renters largely miss out, and very low income earners have little or no cash to invest, even when rebates are offered.

But households without solar have actually enjoyed some financial compensations. The rollout has already benefitted everyone by keeping wholesale electricity prices low. A study of Victorian households and networks calculated that the net effect of rooftop solar in 2019 was to reduce prices for all consumers by \$217 million.

No representation:

Householders with solar systems are becoming a major player in the national energy market. However I understand that they have NO formal status or voice in the (post-COAG) Energy Council processes - hardly a fair or equitable situation.

Solar energy is the solution, not the problem

We Australian householders have contributed to the deceleration of fossil fuel electricity and made Australia a world leader in DER ('distributed energy resources') with our uptake of rooftop solar. Because we have led the way globally, the world is keenly watching what we are doing.

Renewable energy represents an exciting future, with opportunities not only to preserve the environment, but also to drive economic development. It most certainly is not a 'problem', to be addressed by tinkering with the rules. Attempting short-term, piecemeal 'band-aid' solutions will only fragment the existing regulatory process, and provide NO long-term or climate-friendly solution.

Energy networks must look to a zero-carbon-emissions future and begin to take advantage of the huge advances that are being made in batteries, solar collectors, and information technology.

A new distribution model: networked communities

A new decentralised model is emerging: solar energy does not require 'distribution' from a central power station; it can be networked in a different, localised way.

Community batteries shared by groups of households, along with a LUOS (local use of system tariff), offer the solution. Solar households pool their excess electricity in community batteries.

Networked communities would share costs and the output of solar panels, and benefit from significantly cheaper power. Generated locally, electricity could largely be distributed underground, reducing reliance on poles and wires. Batteries would help deal with voltage and capacity issues and ease 'traffic congestion' on the grid.

While still uncertain about investing in a battery for my personal use, I'd jump at the chance to participate in a community battery scheme, particularly when I can see that it would benefit not just me but my neighbours and the environment. And I'm not the only consumer thinking this way.

Electric vehicles form a key role in a new community network. Rather than posing a future threat to the grid with their recharging requirements, they can absorb and store excess power for later household use. The EVs now coming on to the market are designed to do just that.

Western Power and Synergy, in WA, is currently trialling a networked community system, and another pilot program has begun in NSW. SA Power has a golden opportunity here, to take a lead, or lag behind.

THESE are the changes that will realise SA Power's promise of 'improved outcomes for all customers in the long term, as Australia's energy system continues its world-leading community-led transition to distributed renewable energy'.

A tax on carbon, not on solar power

People are experiencing climate changes in their everyday lives, and are demanding urgent climate action: Australia must de-carbonise, or pay the price. Reducing atmospheric carbon dioxide must be central to every decision and every choice we make as a society, if we are to have any hope whatsoever of attaining 'net-zero' and keeping global warming to 1.5 degrees Centigrade. Government regulations must provide a fair, equitable and positive framework to move us away from fossil fuels. Setting penalties for greenhouse gas emissions would be the place to start.

A tax on carbon would place the financial burden where it should go - on fossil fuel electricity generators, not on solar households. SA Power Networks' proposal attempts to do the opposite.