

11 April 2024

Anna Collyer
Chair
Australian Energy Market Commission

Submitted via website.

Dear Ms Collyer,

ENA Submission to AEMC Unlocking CER Benefits through Flexible Trading – Draft Determination

Energy Networks Australia (ENA) welcomes the opportunity to provide input to the AEMC Unlocking CER Benefits through flexible trading Draft Determination.

ENA represents Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

Integration and optimisation of Consumer Energy Resources (CER) is a key priority for our members, particularly in the low voltage electricity distribution networks as they continue to provide safe, reliable and efficient power supply now and into the future.

Key Messages

- » We strongly support the decision to exclude multiple, secondary FRMPs from residential customers.
- » ENA notes that the cost benefit analysis assumes zero impact to DNSP system change costs which is inaccurate and will materially impact the results.
- » There is significant uncertainty on the benefits for large and small customers and whether there will be sufficient uptake from C&I customers to justify costs.
- » Networks support improvements to metering but require clarity on roles and responsibilities of both DNSPs and new entrants with respect to proposed competition in street furniture.
- » Networks have a significant role in providing cost-effective kerbside Electric Vehicle charging at scale to help achieve Australia's emissions targets.

Residential Customers

We welcome the AEMC's decision to exclude residential and small business customers from the proposed (FTM2) model. ENA and our members agree that costs would far outweigh any benefits of the model and thank the Commission for taking our feedback on board.

As noted in our first submission, other options to unlock the potential of CER within residential customer's homes are being progressed now through an ARENA project (Market Active Solar Trial) that does not require an amendment to the existing National Electricity Rules (NER) .

The Energeia CBA does Not Consider DNSP Impact Costs

ENA is extremely concerned that the Energeia CBA assumes zero cost impact for DNSPs to update their market systems in line with the direction of the draft determination. We can see the AEMC has considered retailers' costs and benefits and, if the costs and benefits for energy consumers are to be adequately taken into account, consider it appropriate for the same to be done for DNSPs.

AEMO's recent industry briefing on the High-Level Implementation Design on 4 Apr 2024 indicated that there is likely to be a high impact to DNSPs on NMI creation and around public lighting, medium impact on their aseXML interfaces as well lesser impacts on most other functions that are covered by the proposed reforms.

Proposed changes to NER clause 7.8.2(d)(1) will make DNSPs responsible for establishing the NMI site data for premise secondary connection points. In addition to system and process changes incorporating the new meter types, these changes represent a material step change in DNSP costs.

Detailed scoping of these costs is currently being undertaken by members. For example, South Australian Power Networks (SAPN), estimates ~\$28M ±40% for their system change costs as a direct result of this rule change. The impacts across the NEM will be much more significant. It is essential to consider these costs in the CBA when weighing up whether the approach proposed in the draft determination is in the long-term interests of energy consumers.

We strongly urge the AEMC to engage with DNSPs to incorporate their costs into the CBA before reaching a final determination.

C&I Customers may not Embrace the Complexity of Multiple Retailers

Our members consider that, in practice, the uptake for C&I customers is likely to be low due to:

- » the added complexity of managing commercial relationships with multiple FRMPs and

- » the increased competitive pressure on retailers to offer benefits to C&I customers to maintain the single financial relationship with the customer, however this impact may be limited due to the competitive nature of this market, with informed and well-resourced counterparties.

As a result, we expect that many C&I customers will simply continue with their current practices.

In light of this, ENA questions the uptake assumptions of the CBA that justifies the need for DNSPs to make significant system changes as part of this rule, while noting that it is possible for some benefit to flow to customers that do not take up multiple FRMPs. Needless to say, we do not support investment in systems and processes that are unlikely to be used and/or do not create significant value for customers over time. It is therefore important that the CBA adequately considers the likely uptake and takes a pragmatic view of the sources of benefit to customers from this draft rule change.

Networks Support Metering Improvements, but Require Clarity on Street Furniture Contestability

ENA and our members support improvements to unmetered loads for public lighting and street furniture and, in principle, we support the idea of minor energy flow metering as a solution to more cost-effective metering at scale.

However, there are concerns that as more minor energy flow devices are connected to LGA assets, such as electric BBQs, toilet facilities etc., that the networks will have de-facto responsibility or the expectation to maintain these electrical installations into the future.

We urge that any new framework should clearly articulate the roles and responsibilities of new competitive third parties and that of Networks. At the minimum, we suggest that DNSPs have the flexibility to appoint the MC for Type 9 metering installations for assets owned and maintained by the DNSP.

ENA is sceptical that opening up street furniture to competition is also justified and is in the interest of customers and councils, especially in rural areas. We would welcome the opportunity for Energeia to engage with DNSPs on this issue and to more fully consider the benefits and risks for this change.

Networks have a Role to Play in EV Charging

As we have seen in the smart meter Power of Choice reforms, competition does not automatically accelerate uptake for commercial endeavours with high, upfront costs, significant technical risks and low/uncertain margins.

Networks believe there is an opportunity to leverage our significant engineering expertise, safety culture and existing network assets such as power poles, lighting columns and substations to expand availability of kerbside electric vehicle charging and thereby assist EV uptake and Australia's emission reduction objectives.

ENA is in the process of doing a substantial piece of work at quantifying this and other opportunities latent in the distribution network and would be pleased to engage with the AEMC on insights as they emerge.

If you have any questions or would like to discuss specific topics further, please do not hesitate to contact Dor Son Tan, Head of Distribution dstan@energynetworks.com.au.

Yours sincerely,



Dominique van den Berg
Chief Executive Officer