

10 July 2020

Department for Energy and Mining
Government of South Australia

Submitted to: ETRConsultations@sa.gov.au

Re: Consultation on Regulatory Changes for Smarter Homes

Simply Energy welcomes the opportunity to provide feedback on the 'Regulatory Changes for Smarter Homes' consultation papers, addressing proposed regulations relating to the use of distributed energy resources (DER) by households in South Australia.

Simply Energy is a leading energy retailer with over 725,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

Simply Energy's submission responds to the five consultation papers in turn as follows:

- Consultation on the proposed remote disconnection and reconnection requirements for distributed solar generating plants in South Australia.
- Consultation on the proposed export limit requirements for distributed solar generating systems in South Australia.
- Consultation on the proposed new low voltage ride-through requirements for smart inverters in South Australia.
- Consultation on the proposed smart meter minimum technical standards in South Australia.
- Consultation on proposed tariffs to incentivise energy use in low demand periods in South Australia.

Consultation on the proposed remote disconnection and reconnection requirements for distributed solar generating plants in South Australia.

The paper proposes the introduction from September 2020 of remote reconnection and disconnection capabilities for new and changed solar installations. Installations will be compliant if a registered agent, appointed by the system owner, is able to remotely disconnect and reconnect the system when directed by government or the Australian Energy Market Operator (AEMO).

Simply Energy supports remote reconnection and disconnection of solar generation systems as a measure to address the risk of low demand that coincides with high solar generation and South Australia becoming separated from other regions.

However, requiring the whole industry to develop, test, and roll out compliant solutions in around two months is unrealistic, and puts unnecessary pressure on those industry participants who are

not already experienced with smart inverters, which we expect to be used in most cases. Additionally, this does not give sufficient time to consult on and develop the agent register and registration procedures and the procedures to direct agents to disconnect and how they will implement this. A more realistic timeframe would be 1 January 2021.

Consultation on the proposed export limit requirements for distributed solar generating systems in South Australia.

The paper proposes the introduction from 1 January 2021 of dynamic export limit capability for new and changed solar installations. Installations will be compliant if they can be programmed to keep within export limits that may vary during the day and if these limits can be changed remotely.

Simply Energy supports dynamic export limits for the reasons provided in the paper. They will enable more customers to install larger capacity systems and export more energy than fixed capacity or export limits.

However, requiring the whole industry to develop, test, and roll out compliant solutions in around five months is unrealistic, and puts unnecessary pressure on those industry participants who are not already experienced with smart inverters. A more realistic timeframe would be 1 July 2021.

Consultation on the proposed new low voltage ride-through requirements for smart inverters in South Australia.

The paper proposes that only inverters that meet a higher standard of voltage disturbance ride-through than the current Australian Standard can be installed in South Australia from September 2020.

Simply Energy agrees with the paper's statement that some existing inverters in the market can meet these higher standards, and that mandating higher standards ahead of the full adoption of the revised Australian Standard in 2022 has merit, but Simply Energy does not support the September 2020 implementation date.

Solar installers have developed system designs that use specific inverters and they have contracts with the suppliers of these inverters and maintain stocks of them. Providing only around two months' notice that new contractual arrangements need to be entered into, and stocks used or liquidated, seems to put unnecessary pressure on these businesses, potentially limiting the options available to consumers in this market. An implementation date of 1 January 2021 would be more reasonable.

Consultation on the proposed smart meter minimum technical standards in South Australia.

The paper proposes that from September 2020 all smart meter upgrades for solar installations have at least two elements with a contactor in each element, wired in accordance with the Technical Regulator's requirements. The paper justifies this as enabling use of smart meters to disconnect solar generation if required at times of low demand.

Simply Energy does not support this proposal and considers that the use case is already covered by the technology-neutral approach proposed in the paper on 'remote disconnection and reconnection requirements for distributed solar generating plants' discussed above.

The ‘remote disconnection and reconnection’ paper states that the proposal is technology neutral, enabling industry to find the most effective solutions that meet the policy goal. Given the communication capabilities of inverters it is likely these solutions will use inverters: in these cases the additional smart meter functionality proposed will be an unused feature, increasing cost for no benefit.

Nevertheless, if the South Australian government decides that there is an immediate need for solutions to be urgently deployed and only smart meters can deliver this, then Simply Energy considers that this requirement is end-dated, to coincide with the start date of the requirement to provide a technology-neutral solution.

Consultation on proposed tariffs to incentivise energy use in low demand periods in South Australia.

While Simply Energy agrees that measures are needed to manage low demand in South Australia, it does not believe that highly prescriptive regulation of retail electricity tariffs is necessary or appropriate.

As a result, Simply Energy does not support the proposal that retailers in South Australia are required to make available in September 2020 a standing offer tariff that mimics the South Australia Power Networks (SAPN) Time of Use (ToU) or Prosumer network tariff structures.

Simply Energy considers that current technologies, such as those deployed by Simply Energy in its Virtual Power Plant (VPP) project in South Australia, can enable more sophisticated engagement with customers than that provided by mandated tariffs. As part of the VPP project Simply Energy and SA Power Networks collaborated to create network and retail tariffs that reflect the costs and benefits for the network and retailer and how these can be shared with customers. A key part of this work, and value that Simply Energy has been able to bring to it, is experience in understanding how different pricing and benefit structures resonate with different types of customer. Simply Energy considers that this is a more successful model for helping customers respond to industry needs than mandating a tariff structure.

More generally, retail electricity price regulation has been reintroduced in South Australia as the Default Market Offer (DMO), set by the AER, justified as providing a ‘safety net’ for customers who are not engaging with the electricity market. The DMO is set through a consultation process that takes account of multiple inputs, such as forecast wholesale electricity costs, environmental costs, and retail and network costs, to determine tariffs that reflect the costs a retailer faces when supplying customers on each tariff.

If the South Australian Government decides to proceed with regulation of retail electricity tariffs as a way of managing low demand, then these tariffs should be regulated by the AER using the approaches developed through consultation with stakeholders.

This will ameliorate the risk of the proposed approach, which specifies (for the ToU tariff, for example) that regulated peak retail prices are 125% of the regulated single rate, off-peak are 50%, and the solar sponge is 25%. This approach risks setting regulated tariffs that do not reflect the costs the retailer incurs in supplying customers on that tariff. If the costs retailers incur when supplying customers on this tariff exceed the charges paid by customers, then customers on this tariff will be subsidised by other customers, potentially penalising those who are unable to change the timing of their use of energy.

Additionally, September 2020 only gives retailers two months to introduce the regulated tariff. The structure of these tariffs is complex and billing systems will take longer than two months to

be reconfigured and tested to support these tariffs. If they are to be introduced, which Simply Energy does not support, then 1 July 2021 is more realistic than September 2020.

Concluding remarks

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Aakash Sembey, Manager, Retail Regulation, at aakash.sembev@simplyenergy.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read "James Barton".

James Barton
General Manager, Regulation
Simply Energy