

Level 17, Casselden
2 Lonsdale Street
Melbourne Vic 3000
GPO Box 520
Melbourne Vic 3001
tel: (03) 9290 1800
www.aer.gov.au

Our Ref: 11,213,754
Contact Officer: Lisa Beckmann
Contact Phone: 02 6243 1379

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Mr Vince Duffy
Executive Director
Department of Energy and Mining
11 Waymouth Street
Adelaide SA 5000

CC: ETRConsultations@sa.gov.au

Dear Mr Duffy

Re: Consultation on regulatory changes for smarter homes

The Australian Energy Regulator (AER) thanks you for the opportunity to comment on the Department of Energy and Mining's (DEM's) consultation papers on regulatory changes for smarter homes. These papers propose:

1. Remote disconnection requirements for distributed solar generation (Paper 1)
2. Dynamic export limit requirements for distributed solar generation (Paper 2)
3. New low voltage ride-through requirements for smart inverters (Paper 3)
4. Smart meter minimum technical standards (Paper 4)
5. Tariffs to incentivise energy use in low demand periods (Paper 5).

We support DEM exploring initiatives to address challenges associated with falling minimum demand levels and voltage management in South Australia (SA). Addressing these challenges is important for addressing system security issues and avoiding inefficient disconnection of distributed energy resources.

Explaining how the proposed initiatives interact with each other will help highlight how the proposals can deliver the greatest benefits to electricity consumers. It is also desirable to ensure that these initiatives are consistent with other policy developments underway. For example, while some policies complement each other, certain initiatives may be duplicative and create unnecessary costs. The relative costs of different policies will be important to demonstrate which policies are preferable.

In this context, we support DEM's proposal to introduce dynamic export limit requirements for distributed solar generation as set out in Paper 2. The AER has previously supported and approved dynamic export limits as part of our regulatory determination for SA Power Networks (SAPN). This model will enable SAPN to remotely increase or reduce the export limits that apply to solar generation, battery storage and electric vehicles. We understand

that SAPN is investigating options to bring dynamic export limits forward. The proposal in Paper 2 should support rolling out the enabling technology for this work.

The proposal in Paper 5 will require retailers operating in SA to have a standing offer for customers with interval meters that reflects one of SAPN's tariff structures that incentivise load shifting to low demand periods through a 'solar sponge' component. We recently approved these tariff structures. From 1 July 2021, retailers will face solar sponge network pricing for all residential customers in SA with a smart/interval meter. A one year transitional period will give retailers time to develop retail products that reflect the new tariff structures and consumers time to understand the different retail products that will be available.

Consumers in SA should have a genuine choice of retail offers, including the choice between time-of-use and flat rate retail offers, as well as innovative offers that automate their smart devices (e.g. smart electric vehicle charging). Bearing this in mind, we consider the proposal in Paper 5 to be a positive step in the short term. Given the new tariff structures will only apply to standing offers, customers will be able to select alternative tariff structures through market offers. Moreover, by requiring standing offers for customers with interval meters to reflect tariff structures with a 'solar sponge' component, the proposed policy should expedite the number of customers on retail offers with these tariff structures. Under this approach, it will be important to consider communications and the capacity for customers to respond, given customers on standing offers may be less engaged in the market. We also think it is important to monitor how market offers evolve in SA in the medium to long term.

We consider DEM's proposed low voltage ride-through requirements for smart inverters in Paper 3 to be reasonable. This proposal appears to bring forward the effect of positive work that is already underway. Specifically, standard AS/NZS 4777.2 is currently under revision and AEMO is developing a test procedure to ascertain the levels of compliance for the voltage ride-through capabilities of inverters.

We consider the proposed remote disconnection requirements (Paper 1) and smart meter requirements (Paper 4) aim to address similar issues to dynamic export limits (Paper 2) and the network tariff structures (Paper 5). As such, there may not be a need to progress all four policies. Given that dynamic export limits and tariff structure changes are already underway, we encourage DEM to reconsider the additional benefit of introducing remote disconnection and smart meter requirements, which we understand will potentially have significant costs for consumers that warrant further examination (e.g. costs of upgrading communications infrastructure and supporting systems). It would also be useful to consider the proposed remote disconnection requirements in Paper 1 in the context of AEMO exploring similar requirements as part of the 'Distributed Energy Integration Program Standards, Data and Interoperability Working Group'. We understand that stakeholders showed little support for this proposal and that AEMO will be consulting on how to address minimum system demand more broadly.

Thank you again for the opportunity to comment on this important and challenging work. If you have any questions or wish to discuss any matters raised in this submission, please contact Lisa Beckmann on (02) 6243 1379.

Yours sincerely



Mark Feather
General Manager, Policy and Performance

Sent by email on: 14.07.2020