



EnergyAustralia
LIGHT THE WAY

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Dear Emily

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Promoting innovation for NSW energy customers

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory.

EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

EnergyAustralia appreciates the opportunity to participate in the DPIE's consultation promoting innovation for NSW energy customers (*the consultation paper*). We support the DPIE's consideration for addressing issues that impact NSW energy customers participating in the energy market, particularly in evolving markets, and we appreciate the desire to expediate changes to address the perceived delays in developing national reforms.

However, our preference is firmly for approaches that can blend in with the national framework so that costs to consumers will be lower overall. Many of the proposals outlined in the consultation have, or are currently, being considered through processes of the AEMC and the AER. We consider that the output of those processes should be factored into developments at the NSW level. This will save time and enable reforms to be implemented faster so that consumers can benefit sooner.

If you would like to discuss this submission, please contact me on 03 9060 1361 or Travis.Worsteling@energyaustralia.com.au.

Regards

Travis Worsteling and Selena Liu

Regulatory Affairs Leads

Issue 1: Meter costs to customers

1a. How are the costs and benefits of smart meter installations currently communicated to customers?

EnergyAustralia does not pass any direct smart meter costs to customers; the fees EnergyAustralia incurs from having a smart meter at a customer's premises are not applied as a line item on that customer's bill, they are combined in the retail tariff that all EnergyAustralia customers pay.

EnergyAustralia's website¹ has advised the benefits of smart meters to customers since the inception of the Power of Choice reforms:

- *increased consumption information (accessible in My Account²), which can help you manage your electricity usage*
- *remote meter readings, removing the need for onsite meter reads*

We acknowledge that this review has highlighted improvements could be made to better promote the benefits of smart meters to customers, and we request the DEM to consider the best avenue for providing a consistent information campaign, that will be trusted and drive consumer engagement. This may include all stakeholders (retailers, networks, government) promoting smart meters with a consistent message, or solely from the stakeholder most trusted by NSW energy consumers.

1b. Can electricity retailers provide government with the various cost inputs for smart meters (this information will be treated as commercial in confidence)?

EnergyAustralia provided this information confidentially.

1c. Would it be useful for customers if the cost of a smart meter was included on the details of electricity plans on comparison sites?

Retailers have different commercial agreements with Metering Coordinators and different methods for passing through the metering costs. This would create complexities in the comparison of the metering costs that retailers are charging:

- If retailers were only required to report direct metering charges, then there would be instances in which \$0 was reported, as the metering cost is passed through in a combined cost to serve via the retail tariff; and,
- If retailers are required to report the costs applied, both direct and indirect, then you will create significant complexity in the calculation, compliance, and application of these amounts for retailers that bundle the metering costs as part of their retail tariff.

EnergyAustralia believes it would be suitable to require retailers to advise any direct metering costs that will be applicable to a customer if they ask for it, and that indirect costs should not be specifically reported, as customers are already able, via the AER's price comparator website Energy Made Easy³ or any comparison site, to compare the financial impact of choosing a retailer where the metering costs are bundled in their retail tariff.

¹ <https://www.energyaustralia.com.au/home/help-and-support/faqs/powerofchoice>

² EnergyAustralia's customer account web and app-based application

³ <https://www.energymadeeasy.gov.au/>

1d. What share of customers in New South Wales are on cost reflective pricing tariff options?

EnergyAustralia provided this information confidentially.

1e. What are the benefits and challenges for customers moving onto cost reflective tariffs?

DNSPs develop and require cost reflective network tariffs (Time of Use, etc) as a way of sending a price signal to customers, or retailers, that there is an dis/incentive for using electricity at a certain time period of the day; this is done to either support or avoid network augmentation.

Retailers have the option of absorbing this network tariff and providing a retail tariff that is more desirable by the customer. This has the unfortunate impact of diluting or removing the network's desired reaction to their cost reflective tariff. The competitive retail market requires retailers to provide retail tariffs that are attractive to new and existing customers, and historically, there has been a strong preference by customer for basic tariffs (peak, or peak and off-peak).

Where a customer is exchanging their meter to facilitate the purchase of solar or a battery, they are more inclined to accept a complex Time of Use tariff, as this will ensure they are able to receive the benefit from the Demand Energy Resource at their premises. However, where a customer's meter is exchanged due to a 'fault' (end of life, etc), the move to cost reflective tariffs is harder to promote. This is largely due to retailers' limited ability to ensure a customer will not be in a worse financial predicament following the change in tariff; which can occur if the customer had an accumulation/basic meter, resulting in their usage profile being opaque.

1f. Are there any other costs to customers that should be considered?

Where a customer is required to rectify a 'customer side defect', the onus is on the customer to arrange for and pay any rectification work; in NSW this is arranged through an Accredited Service Provider.

EnergyAustralia or our Metering Coordinator (Vector) advise the customer that there is work required at their premises to rectify a defect (asbestos, meter board not to code, etc), but we are unable to advise the cost involved in rectification.

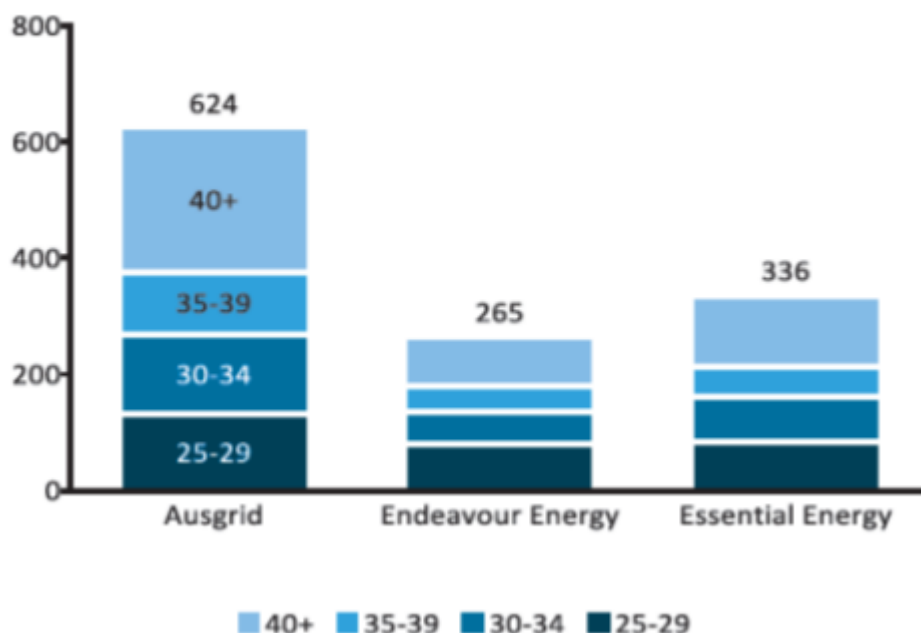
The costs for rectification work are generally the most prohibitive factor for a customer in deciding to exchange a meter, this can be exacerbated in situations such as multi occupancies (apartments) where it is not clear who is responsible, or if it is difficult to reach consensus for approval.

Issue 2: Meter life and redundancy charges

2a. What is the average life expectancy of basic meters and smart meters?

Accumulation/basic meters have a very long life expectancy, as highlighted by the legacy meters >25 years old outlined in the consultation paper:

Est. Legacy meters >25 years old, NSW
smart meters equivalent (000s)



The reliability and longevity of these meters is undeniable, and therefore this should not be a primary consideration in when it is suitable to exchange this metering. While a smart meter has a much shorter life expectancy (smart meters have a design life of 15 years, and a life expectancy of an estimated 20-25 years), the benefits they provide to the network, customers, and retailers, far exceed those of a basic meter.

2b. What are the main operating factors that affect the life expectancy of smart meters?

Electronic 'smart' meters more are susceptible to temperature (differences between day-night, and seasonality), electrical discharge events (electrical storms), and impacts from the electrical network not operating within the required voltage limit.

2c. What is the average cost to a retailer of replacing a distributor's basic meter asset before it reaches its end of life?

\$17-\$26 is the average annual cost to a retailer of replacing a distributor's basic meter before it reaches its end of life.

2d. What are the factors to be considered before mandating end of life for basic meters?

An important consideration for this option is to factor in is that DNSPs will still require cost recovery of their metering assets. It would be important to consider how the networks' pass through the remaining metering costs to the customers, customers will have to pay for their new meter, as well as any remaining pass-through costs from the network.

EnergyAustralia suggest the DPIE discuss with Ausgrid, Essential Energy, Endeavour Energy, and the AER, what options are available to ensure that the cost recovery of metering assets is not adversely impacted by mandating an end of life for the remaining basic meters.

2e. What are the main challenges to replacing basic meters or smart meters that reach their end of life?

If an age-based threshold resulted in a significant number of meters being deemed 'end of life', Metering Coordinators would not be able to handle the timeframe requirements for replacing the meters, without additional resourcing, or by applying for an exemption from AEMO. However, we believe the current exemption process facilitated by AEMO is suitable for managing the resourcing considerations resulting from the excess of meters that would be over the age-based threshold. This process allows a Metering Coordinator to provide a forward work plan to achieve the backlog of meter replacements that are required.

2f. What measures should be included to protect vulnerable customers if their meter needs to be replaced? Would exemptions need to be included to account for implementation challenges at some premises?

EnergyAustralia suggests the DPIE explore the development of a suitable fund for assisting vulnerable customers with the financing of any rectification work required to facilitate the installation of a smart meter, e.g. this could be a rebate provided through a NSW concession scheme.

Issue 3: Solar connection delays

3a. Are the current installation timeframes, and the measures to monitor compliance with those timeframes, that are required under the national rules appropriate?

The AEMC Meter Installation Timeframes⁴ rule change addressed the concern about delays experienced in the installation of customer's meters. The timeframes are monitored by the AER, and non-compliance may incur a civil penalty (up to \$100,000 for a corporation and \$20,000 for individuals per contravention). EnergyAustralia achieves 99% of meter installation within the Meter Installation Timeframes, and not achieving the timeframe is predominantly not caused by a retailer; either the site was unable to be isolated, delayed due to organising an appointment with the customer, or due to a defect/ no room in the meter board. As such, EnergyAustralia believes the current framework under the national rules remain appropriate.

3b. Are you aware of any regulatory or non-regulatory barriers that may be contributing to delays in the installation of smart meters?

Delays are caused by a variety of practical reasons, with the most common being:

- Complexities in arranging all required parties (network, Metering Provider, customer) to be available and at the location at the exact time, this can be exacerbated at multiple occupancy sites where non-required parties (a customer connected to the supply at the property, but not the one requesting the work) raises a dispute with the allocated time for the works; and,
- Encountering issues at a customer's site that delays the meter installation while rectification occurs (asbestos, not enough space on the meter board).

3c. What additional measures would need to be implemented to unlock these customer benefits?

EnergyAustralia does not believe there is an underlying systemic issue in the process for arranging or installing a smart meter for customers. Delays are uncommon but understandably frustrating for customers that have invested significantly in the purchase of their solar system. We believe that it would be beneficial for all parties involved in the purchase of a solar system, and installation of a smart meter, to provide more

⁴ <https://www.aemc.gov.au/sites/default/files/2018-12/Final%20Determination.pdf>

information to customers about the potential issues that can be encountered that will create in delays in the installation process.

3d. Are there any benefits for customers to allowing third parties to be able to manage the installation of a smart meter on their behalf?

EnergyAustralia acknowledges that there would be some efficiencies in allowing a third party to manage the installation process on behalf of a customer, particularly as currently customers are predominantly a conduit for information between retailer/MC and the third-party REC/ASP. It is likely that if customers were not directly involved in arranging the installation of their smart meter, they would be less frustrated when delays occurred.

While this largely an intangible benefit would be preferable for customers that have experienced delays in their meter installation, the cost in developing and maintaining compliance with this updated process, would be unreasonable for the majority of customers that do not experience issues with their meter installation; developing new systems, processes and compliance controls for facilitating third parties acting on behalf of would increase cost to serve, increasing the financial burden to the end consumer.

Furthermore, customers are required to provide Explicit Informed Consent for the meter installation, acceptance of any associated costs, and to agree to any contract or tariff changes, they are also sent multiple notices regarding the installation process. Therefore, if customers were replaced by a third party in the installation process, they will still be heavily involved in the process, and it does not seem likely the removal of the extra contact via this proposal will achieve any notable benefit.

Issue 4: Meter board upgrades

4a. Should there be a requirement to replace meter boards that are older than a specified age (e.g. 30 years) as a prerequisite to installing a smart meter?

We do not believe it is necessary to replace meter board specifically due to their age, replacement should be dictated by compliance with regulations, addressing safety concerns and where required to facilitate alterations (meter board size not suitable for metering). We do not believe it would be reasonable for meters to be replaced where there is no identifiable reason other than an age threshold, as this will ultimately result in additional costs to customers.

4b. What challenges would prevent electricity retailers and metering providers from offering a meter board survey service to customers before a smart meter is installed?

EnergyAustralia acknowledges that there will be cost savings (from a reduction in failed site/truck visits) if retailers/Metering Coordinators have a detailed knowledge of the customer's meter board prior to attending the site; however, to facilitate this, it would require either:

- Metering Coordinator to attend the site – which is not suitable as there will be cost associated with this site visit, and most customers have no issues with their meter boards;
- DNSPs to attend, record all required information, and update the Market Settlement and Transfer Solutions (MSATS) system allowing retailers to access the information – this would be very costly to develop, populate, and maintain, and we believe this would be unreasonable when most customers do not have issues with their meter boards; or,

- Customer to provide this information – which is also not suitable, as we do not support customers undertaking actions that may endanger themselves. Something that can occur when interacting with old meter boards, where it is possible to encounter asbestos, dangerous animals/insects, or where the wiring is no longer safe.

4c. If a meter board survey service can be provided, how much should customers pay for the service? Can the service be offered for free?

EnergyAustralia does not believe providing this service can be done at no cost (as we do not support this being provided by customers), therefore it does not seem reasonable for this service to be considered when it is largely trying to address the issues of cost (from failed site/truck visits) and customer inconvenience from multiple visits (as this will still occur).

4d. Should electricity retailers and/or metering providers receive a report on the state of a customer's meter board? If not, why?

EnergyAustralia does not believe providing a report of the customers meter board is needed in every instance, as the majority do not require any alteration. Where a customer's meter board does need to be rectified, once this occurs, the report would be again be unnecessary.

4e. What are the challenges to using an existing platform to enable metering providers to register and share the state of a customer's meter board with other energy market participants?

The primary challenge with Metering Providers using MSATS (existing platform) is the development timeframes for the changes to the platform (which are historically very lengthy), and the excessive cost associated with implementing the changes to market participants systems.

EnergyAustralia does not believe the problem, failed site/truck visits where customer's meter boards require alteration/rectification, is prevalent enough to justify the costs associated with implementing changes to MSATS or developing a similar system. Improvements can be made to existing processes that will address the customer inconvenience and cost inefficiencies encountered in these scenarios, and we believe the following proposals outlined in the consultation paper will address the most common and egregious instances:

- Allowing distributors to provide ASPs with blanket approval to re-mount old meters on new meter boards in apartment buildings, rather than owners' corporations having to seek permission from their network; and/or,
- Require owners' corporations to consider meter board upgrades as part of their 10-year Capital Works Fund Plan.

4f. Are these options suitable for customers in regional and rural areas, or are there other options that should be considered to meet the needs of these customers?

EnergyAustralia acknowledges that failed site/truck visits in regional and rural areas can create greater concern for customers (as rescheduling the visit can be longer than urban areas) and can be more costly to Metering Providers; however, we believe that the process improvements above will largely address the concerns in both rural/regional and urban areas.

4g. What is the best way to provide customers, solar panel installers and electricity retailers with information about meter board upgrades?

EnergyAustralia believes that consistent messaging on the potential costs for meter board upgrades should be provided or accessible to customers by all stakeholders involved in the process (safety regulators, government, DNSPs, ASP/RECs, retailers, and Metering Coordinators/Providers); this will provide confidence to customers that the costs are being accurately quoted for the required work.

To ensure consistency between the stakeholders, estimated costs for the potential works required in addressing meter board rectification, should be provided on an annual basis by the appropriate overseeing body of REC/ASP in NSW (DNSPs, and/or Fair Trading).

Alternatively, recourse for customers to verify the quoted costs of rectification work, via a suitable contact method at the REC/ASP overseeing body, would achieve a similar result; confidence that they are being accurately/fairly quoted.

Issue 5: Sample meters

5a. Are there broader benefits (beyond the financial settlements process) to retaining controlled load profiles in New South Wales?

EnergyAustralia cannot identify any additional benefits.

5b. Are the costs to enable smart meters to determine the controlled load profiles less than the benefits from the information?

EnergyAustralia is not aware of the costs associated with enabling smart meters to provide this information and is unsure why this settlement information cannot be derived from the controlled load information AEMO already receives for NSW smart meters customers with connected controlled loads.

5c. What alternative options should be considered?

EnergyAustralia supports the consultation paper's proposal to amend AEMO's metrology procedures to remove the controlled load profiles requirement completely; however, as advised above, we are not acutely aware of the significance of this change and would therefore defer to the views of those with expertise in this area.

Issue 6: Consumer protections for remote vs manual re-energisation and de-energisation

6a. Should the same obligations be applied to both manual and remote re-energisation and de-energisation services?

No, the same obligations should not be applied to both manual and remote re-energisation and de-energisation. Some obligations may be appropriate, but the Department will need to review each obligation closely for their appropriateness in the remote services context. The Department should also consider whether there is a systemic issue that needs to be rectified by expanding a protection to the remote services context. This can be assessed by monitoring complaints. We expect that issues like delays in manual services (which required a truck roll) will be negligible in the remote services context. Our comments on the obligations identified by the Department are:

Existing DNSPs obligations	Regulatory gap	EnergyAustralia's comment
National Energy Retail Rule (NERR) 80(1)(c) prescribes that DNSPs must publish de-energisation and re-energisation timeframes on their website	Retailers are not required to publish their metering providers' timeframes for remote re-energisation. In addition, neither distributors nor retailers are required to publish timeframes for manual or remote de-energisation.	If this obligation were to be imposed in the remote services context, the obligation would apply to Metering Providers and not Retailers to publish their de-energisation and re-energisation timeframes of their website. It may be confusing for customers to read information on their Retailer websites regarding remote services timeframes, when Retailers have no control over whether those timeframes are met.
NERR 103(1) & (2) prescribes that if DNSPs refuse a retailer's de-energisation request, they must notify the retailer promptly.	Metering providers are not required to notify retailers of a refusal to de-energise a customer's premises at the retailer's request (e.g. due to life support, Energy and Water Ombudsman NSW (EWON) complaint, outside protected period).	Metering provider notification to Retailers is already built in to the B2B transactions. Today, Retailers raise a request for remote de-energisation and if Metering Providers do not respond to the request they will send a transaction showing non-completion. We understand that Metering Providers cannot initiate a remote de-energisation request themselves, they are only able to respond to one raised by Retailers.
NERR 105(1)(b) prescribes that DNSPs who fail to de-energise a customer's premises within the prescribed timeframes must pay charges for energy consumed at the premises after the timeframes expire.	Retailers are not required to provide compensation to their customers if a customer-initiated remote de-energisation is delayed and the customer receives usage charges as a result	<p>The Department's summary of Rule 105(1)(b) misses that DNSPs are only obligated to pay charges for energy consumed, <i>where the Retailer is unable to recover those charges from the customer</i>.</p> <p>The Department notes that Retailers are not required to provide compensation. However, translating the obligation into the remote services context, the obligation should be that the Metering Services Provider (not Retailer) should pay compensation where the Retailer cannot recover the charges from the customer.</p> <p>We disagree with any obligation that requires Retailers to pay compensation without arrangements to back claim that compensation from Metering Providers where the fault lies with the Metering Provider. This is clearly set out in Rule 105(1)(b) and we ask the same be applied in the remote services context.</p>
NERR 119(1)(a) prescribes that DNSPs may de-energise a customer's premises if the customer's retailer informs the	The NERR are silent on when a metering provider can and cannot de-energise or re-	More consideration needs to be given to this proposal.

distributor that it has a right to arrange for de-energisation under its contract.	energise a customer's premises	<p>We understand that the current B2B transactions do not allow a Metering Provider to initiate a de-energisation request.</p> <p>We also note that many of the grounds for distributor de-energisation set out in Rule 119(1) are irrelevant for MPs: (a) and (c)-(f). e.g. safe access, breach of contract between customer and distributor.</p>
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6b. Do you foresee any unintended consequences of aligning these obligations?

Yes, see table above.

6c. Do you consider there to be any barriers that may prevent a customer being afforded the same protections if they have been remotely re-energised and/or de-energised?

Yes, see table above.

Issue 7: Enhancing protections for hot water embedded network customers

7a. Is it appropriate to require the sale of hot water to be treated as the sale of energy, to allow hot water embedded network customers to be given similar consumer protections as those in traditional common hot water systems?

In principle, we agree with providing equivalent consumer protections that apply to energy to hot water embedded network customers, including the DMO as a price cap only, disconnection requirements, etc. However, we highlight that some requirements such as Performance reporting that would apply to gas customers supplied under a retailer authorisation, do not offer benefit to customers, and would increase regulatory burden and ultimately cost to customers. Consumer protections should therefore be reviewed to ensure that the protections benefit customers and are appropriate for embedded networks.

We question whether the proposal to require the underlying energy component to be the basis of charging on bills, will deliver the outcomes sought by the NSW DPIE e.g. the extension of NECF consumer protections and protections outside the NECF (DMO Code) to hot water, however we understand that this is the overall intent of the DPIE.

7b. Do you foresee any unintended consequences of requiring hot water embedded network operators to bill customers for hot water in the underlying energy source (in cents per megajoule or kilowatt hour), rather than as a separate 'hot water' product (in cents per litre)?

This could potentially require embedded networks which supply electricity via an embedded network under a retail authorisation and which are charging by litre, to obtain a retail authorisation for gas. Again, we support in principle the extension of consumer protections to hot water customers, however applying or updating a retail authorisation for gas could be a costly and lengthy process and will increase the AER's workload.

7c. Do you consider there to be any barriers that may prevent a hot water embedded network operator from billing customers in the underlying energy source?

EnergyAustralia believes the only barrier is the cost associated with updating a hot water embedded network operators billing to facilitate this update. It is unclear if the need to present information in this

format is driven by customer demand, or the desired visibility or reporting requirements of AEMO or impacted regulators.

7d. Do you consider the AEMO Retail Market Procedures (NSW and ACT) formula for the calculation of energy usage to be appropriate and reasonable for use within hot water embedded networks?

The charge should clearly reflect that there is energy used in the "back end" of the hot water system which is not necessarily relatable to a particular customer, and its costs will need to be spread across customers. Today, these common costs are usually spread via a daily supply charge, which is charged in addition to the usage charge per litre.

The DPIE should also be cognisant that bulk hot water is transitioning from gas to electricity, and so conversion factors will need to be set for both types of energy.

Issue 8: DER in New South Wales

8a. Are the suggested guiding principles appropriate and adequate to guide government strategy for enabling high levels of active DER in New South Wales?

EnergyAustralia supports the guiding principles outlined in the consultation paper.

8b. What practical measures should the government consider to support DER and the suggested guiding principles?

EnergyAustralia believe improvements and efficiencies can be achieved if the NSW Government consider:

- Aligning state measures – as this will make it easier for retailers and DER providers to roll out products nationally and achieve fairness; and,
- Build more flexibility around existing and future support schemes so retailers and DER providers can access to these on behalf of customer to build new business models and innovative offers

8c. How can the government support greater demand side participation and flexibility for customers and market participants?

EnergyAustralia runs several programs to understand customers interest for demand side participation programs, which have indicated a lack of awareness on how they are consuming energy and a corresponding need to be educated on how to better manage their usage and invest in DER to reduce costs.

Although retailer-initiated programs help to educate customers, the impact is usually limited to active participants; additionally, variations across these programs (how value is created and shared with customers can be very complex) can obscure clear and simple messaging. Government's support in educating customers on DER and innovative market offers as they become available would improve customers' decision making, speed and scale of take-up as well as their protection; this could include Government installing and operating DER devices at public housing estates, managing the properties more efficiently and setting a good example for other providers and landlords.

8d. What material concerns and barriers will need to be mitigated to support DER?

EnergyAustralia views the following concerns/barriers as impediments to greater uptake of DER:

- One of the main barriers for DER uptake, especially for storage and EVs, is the high cost. It is important to have the government incentives available to customers during the early adoption stage.
- Access to markets help customer monetizing their assets and improve return on investment. However, scale is a significant barrier to participate in market and network programs.
- Technology integration is key to access to markets.
- Lack of guidelines on performance measurement and valuation: Current metering and settlement arrangements (net metering) make it difficult to assess the performance of DER in supporting the markets and networks; hence makes it difficult to value the assets for those services.
- Disadvantaged customers make up a significant portion of customer base. Unlocking full value of DER requires helping those customers get access to affordable solutions.

8e. What could be done to ensure vulnerable, low-income and other 'locked out' households are not disadvantaged by the energy transition?

The DPIE should be an active participant in the NSW DNSP's regulatory determination processes, particularly the development of Tariff Structure Statements. This will ensure the DPIE can prioritise protections for vulnerable customers in the consideration for network augmentation to facilitate greater DER access, or the development of DER specific network tariffs (for those vulnerable customer connected to DER, or where the tariff will adversely impact non-connected customers), this is particularly relevant following the introduction of export pricing following the AEMC's final determination of the *Access, Pricing and Incentive Arrangements for Distributed Energy Resources*⁵.

8f. What can the government do to improve equity of access to the benefits of clean energy solutions?

EnergyAustralia believes that the current Feed-in Tariff schemes should be expanded to include residential batteries (as deduced in Ryan Esplin's paper⁶). This will increase the uptake of batteries, which will have a corresponding benefit to reducing network constraints (too much solar, too little demand). We also believe the DPIE should consider the installation of solar and battery on low income/ vulnerable customer households, either free-of-charge or heavily subsidised.

8g. How can the government help to unlock the full value of DER and load flexibility on the distribution network, and ensure asset owners are properly protected and compensated?

EnergyAustralia believes the AEMC's *Access, Pricing and Incentive Arrangements for Distributed Energy Resources* considered this matter in detail, and we support the final decision to allow export pricing as a cost reflective signal to customers for when it is or isn't suitable to export. As advised previously, we believe the DPIE should participate in the network determinations for the NSW distribution businesses, to guide the development of network tariffs that incentives load flexibility, while ensuring the development of these tariffs prioritises the protection of vulnerable customers.

8h. What are the most promising clean energy solutions for delivering material private, network and market benefits?

Residential batteries and community batteries are currently the most promising clean energy solution to provide benefits to all market stakeholders, their ability to store energy at periods of low demand and high export, while being able to export at periods of high demand, make them the ideal resource. While they remain cost prohibitive for many customers, there are options available (community batteries, subsidies, etc) that will promote a larger roll out of this technology.

⁵ <https://www.aemc.gov.au/rule-changes/access-pricing-and-incentive-arrangements-distributed-energy-resources>

⁶ [Redirecting solar feed in tariffs to residential battery storage: Would it be worth it? - ScienceDirect](#)

EnergyAustralia currently offers a product to customers that alleviates the cost concerns for purchasing a battery, in which the cost of a solar system and the battery are not applied as upfront charges. We are able to provide this as the customer enters into an agreement to remain a customer for a period of seven years, and we have the ability to operate the battery to meet extreme demand constraints.

Issue 9: Enabling flexibility and dynamic operating envelopes

9a. How can customers be encouraged to only install solar systems that suit their current consumption needs? What would be the most effective measure to achieve this aim?

IPART's annual review of solar Feed-in tariff benchmarks⁷ indicates that Feed-in tariffs are trending lower as the value of customer's solar exports is reduced (particularly where this is exporting in the prevalent periods, such as the middle of the day). The reduction in Feed-in tariffs is a clear price signal to customers that there is less need for solar systems to be actively exporting.

Unfortunately, EnergyAustralia is aware of many examples of customers being 'upsold' large solar systems by their solar installer. This reduces the financial returns for customers that are contributing more for larger systems and creates greater burden on the distribution network. EnergyAustralia believe that greater scrutiny in the sale (solar retail) and installation approval (DNSPs) will address this concern. We believe this can be achieved by ensuring solar systems sizes are based on a customer's historical consumption, or where greater, with the explicit consent of the customer that they are aware of the excessive output and potential for limited cost recovery.

9b. Will changing usage and system demand profiles likely disrupt grid security and reliability in New South Wales, and if so when and how?

Hypothetically changing usage and system demand profiles will impact grid security and reliability; however, EnergyAustralia do not have enough detail on this to provide a reasonable estimation on the impacts.

9c. What can the NSW Government do to mitigate the potential problem of breaching lack of load thresholds?

EnergyAustralia supports cost reflectivity as a signal to address load constraints. We acknowledge the setting of an appropriate price signal and the avenue in which customers are advised and enticed to participate requires further consideration, but believe the existing framework is largely suitable for addressing this issue.

9d. How can the NSW Government best enable dynamic operating envelopes?

EnergyAustralia cannot identify anything specific the NSW Government should do to best enable dynamic operating envelopes. We believe the regulatory framework provides the appropriate guidance to develop dynamic operating envelopes, and it is this framework the NSW Government should participate in to ensure the development is in the best interest of NSW customers.

9e. What issues or barriers, including around consumer protections, need to be considered if implementation of dynamic export limits is pursued?

⁷ [Solar feed-in tariff benchmarks 2021-22 to 2023-24 | IPART \(nsw.gov.au\)](https://www.ipart.nsw.gov.au/reports-and-publications/solar-feed-in-tariff-benchmarks-2021-22-to-2023-24)

Customer's consumption patterns are all different, while some can accept having their export curtailed or a higher price for energy when consumption peaks, others are unable to shift their energy consumption. This is also not a static state, with this capacity shifting based on a number of factors (living arrangements, financial capacity, etc).

The NSW Government should consider safeguards for protecting vulnerable customers that are adversely impacted by the shift to dynamic operating envelopes. EnergyAustralia does not believe a blanket rule should apply that dynamic operating envelopes are not suitable for all vulnerable customers, as there are some that may benefit from the shift. Therefore, we believe where a retailer/network is aware the customer is experiencing vulnerability, either through identification from an applicable concessions scheme, or advice from the customer, the retailer/network should be required to periodically review (3-6 months) the impacts of the shift to a dynamic operating envelope. With the expectation that if the customer is adversely impacted (>10% \$ cost increase) that they can revert to their previous or a more appropriate tariff.

Alternatively, the NSW Government can work with the DNSPs to develop a tariff that is specific to vulnerable customers (concession holders, self-identified, etc), where their acceptance to this 'social tariff' is reviewed annually; this could include a requirement for a financial assessment by a qualified financial counsellor. If a 'social tariff' is designed to provide a low-cost product for vulnerable customers, it will allow the networks develop dynamic operating envelopes with the confidence that vulnerable customers have an appropriate safeguard.

9f. Are there NSW-specific customer, grid infrastructure and/or technological issues that should be considered in enabling dynamic operating envelopes?

EnergyAustralia has not identified any NSW-specific issues that should be considered; however, there are technological issues that will impact all distribution networks, as customers have had DER installations that do not have the appropriate infrastructure to participate in a time-based dynamic operating envelope. This would require additional infrastructure, updates to firmware, or changes to the metering at the premises, all of which will need to consider who should incur the cost associated with the change. While the NSW Government could require grandfathering of any requirement, to protect customers with existing DER installations, it may not be the most effective way to address the issues that the network is experiencing, and may deter further customer investment of DER.

Issue 10: Quality, standards and compliance

10a. How can solar installers and DNSPs ensure all inverters (new and legacy) are set correctly and have the correct capabilities activated?

It is the responsibility of solar installers to ensure the correct inverter settings are applied. The DNSP can conduct audits, depending on the risk they attribute to this issue; this audit process is generally limited based on the costs associated, with an understandable hesitance against unduly increasing costs.

10b. Is there value in DNSPs being able to remotely access or communicate with DER assets on their network to check and dynamically manage settings in accordance with changing conditions on the network?

EnergyAustralia agrees that there is value in allowing DNSPs to remotely communicate with DER assets; however, by allowing competitive third parties to provide this service to the DNSPs, it would return some of the value to the owner of the system. For example, a DER provider or Metering Coordinator, could receive a request to communicate with a DER asset by a DNSP, they could then approve or seek approval from the customer if they were willing to participate in a demand response event, or as a means of recording the

action undertaken by the DNSP; a record that will be useful when a customer is considering further investment or compensation.

10c. If an additional check of the inverter setting is required, who would be best placed to carry this out?

EnergyAustralia does not believe it is obvious that an additional check is required, but if it is, the OEM (inverter manufacturer) is best placed to conduct this activity.

10d. Should New South Wales fast track mandating that all new DER installed must be active (i.e. visible and controllable)? What approaches should be considered to ensure these assets are active?

EnergyAustralia believe that the NSW Government should consider how controllability can be incentivised by market forces (as suggested in our response to 10b). We believe a combination of improvements to the AEMO DER register and improved incentives for DER providers or Metering Coordinators to facilitate access to customer owned DER assets, will provide a solution for new and existing DER assets becoming accessible. We believe that by providing an incentive to customers it is more likely they will participate in network demand response or allow controllability of their assets.

10e. What frameworks or measures should the government consider putting in place to ensure installed DER systems are compliant with the relevant technical and quality standards?

EnergyAustralia believes the current framework is suitable, as there is responsibility shared between manufacturers, installers, and DNSPs, to ensure that appliances on the network are meeting the relevant technical and quality standards.

Issue 11: Improving the visibility of residential DER and data management

11a. Is the AEMO DER register the best way to improve the visibility of DER in New South Wales? What better approaches should be considered?

EnergyAustralia supports using AEMO's DER register to improve visibility of DER in New South Wales and nationally. We believe that if the DER register is populated with all customer side DER infrastructure, it will provide networks, AEMO, and retailers (if we are provided access), to a wealth of information in network congestion management and foresight for appropriate locations to install additional infrastructure or for network augmentation.

11b. What should the NSW Government do to help improve the visibility of changing operating conditions across the distribution network? Are behind the meter DER assets a viable and cost-effective solution?

The NSW Government should work with the NSW DNSPs to better understand how they are able to assess the operating conditions in their network. EnergyAustralia believes it is more equitable for the networks to monitor the changing operating conditions on their network; however, we appreciate that DER assets are a cost-effective solution to addressing these issues when identified. As networks do not have visibility for customer side DER and its operation, the NSW Government should discuss with AEMO and Metering Providers/Coordinators, how this information could be provided to enable more timely responses to changing operating conditions.

11c. What would an ideal system, data collection and notification process look like to have the best oversight of these assets? Who should be responsible for this system?

EnergyAustralia's preference would be to minimise the cost associated with developing this solution, we therefore believe it would be ideally a system that is built around the existing platforms available. We

believe that by amending and using AEMO's MSATS, the DER register, or the B2B transactions, should be able to provide this information when needed. We believe this will be a more cost-effective option than building a new system to facilitate the exchange of information.

11d. Should there be different notification requirements based on the size or capacity of the EV charging or other DER infrastructure not already captured by the DER register (i.e. 7 kilowatt or 50 kilowatt chargers)?

EnergyAustralia does not believe it will be possible to have a full knowledge of all DER connected at customer's premises, and this information will only come to light when a connection request is made through a retailer or network. We would support the NSW Government considering what information it can expect retailers of DER infrastructure, and ASPs/RECs, to provide DNSPs when they are involved in the purchase or installation at a customer's premises.

11e. How can installers of DER be supported to ensure robust reporting of DER data to networks and AEMO? How should compliance be enforced?

Increased of additional requirements for network approval or for recording DER installation would be an appropriate method for ensuring reporting of DER data to networks is adhered to. This would put the compliance risk back on the ASP/REC or retailer of DER infrastructure; however, EnergyAustralia do not have the expertise to confirm that this will be a robust process for reporting, or that non-compliance will be enforced.

11f. What should the NSW Government consider in working with AEMO to expand the DER register to incorporate new controllable loads not already captured by the register?

Currently the DER register is not updated by real-time data, it is therefore debatable how much benefit the networks will have in using the additional data they have received. Adding a real-time data element to the DER register will be prohibitively expensive and unlikely to achieve a positive cost vs benefit analysis, particularly as AEMO already have the power to dispatch demand response.

Issue 12: Community batteries and emerging technologies

12a. Are there any concerns about community batteries (or other similar DER innovations) from a system or customer perspective that should be considered as part of any future strategy or reform?

EnergyAustralia believes that community batteries should be considered within the mix of DER innovations to improve network constraints, or facilitate greater customer uptake of DER. We support the competitive market's ability to develop and install community batteries, and we appreciate that this can be provided at least cost to customers by a DNSP. One notable concern with the deployment of community batteries is the impact it will have on customers that have already installed battery technology, as the value they derive from operating their infrastructure may be reduced by the operation of the community battery.

Utility-scale, distribution connected storage represents something of 'Goldilocks' DER innovation. It combines the scale efficiency and control benefits provided by transmission connected storage with the locational advantages seen with customer connected storage. However, it avoids many of the current visibility, activation and control issues of the latter while providing innovation not possible with either. Community batteries have been trialled successfully in Western Australia and allowed greater DER uptake, more efficient utilisation and system security benefits. Further innovations are possible with battery partitioning, which would allow multiple participants to access and use the same infrastructure for different purposes. Beyond providing a solar sponge and network security services, this could also allow trading of storage capacity on a customer's behalf in the wholesale market.

Such innovations are likely to be stymied however without the right framework settings. It is not clear how a DNSP could or should actively trade energy on a customer's behalf. In particular, given the potential adverse impacts on vulnerable customers from the costs of DNSP owned and operated batteries and related threats to the competitive landscape [possible link here to ring-fencing support]. Moreover, utility-scale storage typically face Use Of System (UOS) costs for charging in distribution networks while those connected to transmission networks do not. This might be an acceptable situation if such costs conferred some advantage such as some measure of firm network access. Unfortunately, they do not. Distribution connected storage faces the same risk of being constrained off as transmission connected storage. Resolving these issues via appropriate frameworks settings and incentives will, therefore, be critical to ensuring greater DER innovation, improved service offerings and lower costs to customers.

The NSW Government should also consider how the costs of community batteries are passed through to DNSP customers, particularly how this might adversely impact vulnerable customers.

12b. What technical and regulatory changes that have not already been addressed, should be considered to enable the full value of community batteries and other DER solutions to be unlocked?

EnergyAustralia supports the findings of the AER's ring-fencing review⁸ which consider that DNSPs should not be able to operate community batteries in the competitive market. We do not believe it is in the best interest of customers to allow networks to have customers fund community batteries and then for the DNSP or their ring-fenced entity to receive the benefits of this investment.

We believe the exemption process is a reasonable safeguard to ensure that networks investment in community batteries is conducted with customer interests as a priority, and we believe that the decision of the AER allows for the competitive market to develop in this space, while requiring the most cost-effective option to be chosen is ultimately in the best interest of customers.

12c. Are there any technical requirements or standards that should be developed to support the safe and efficient rollout of these kinds of emerging solutions?

EnergyAustralia is not aware of any specific technical requirements or standards that should be developed.

12d. Are community batteries an economically effective solution to managing the increasing amount of generation from rooftop solar PV on the distribution network? If not, what other solutions should be considered?

Community batteries can be an economically effective solution, but it impossible to confirm that they will always be the most effective solution. EnergyAustralia believes community batteries should be consider 'in the mix' of solutions that are considered to address network constraints from increasing amounts of solar generation.

12e. What are the barriers for developing and implementing a community battery project, and then connecting and operating the battery?

Retailers experience difficulties in providing community batteries, as they are constrained by a DNSP's ability to facilitate the installation, or because the network prefers for the community battery to be owned by the network or their ring-fenced entity. Networks are constrained by the exemption process in the ring-

⁸ <https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/electricity-ring-fencing-guideline-review>

fencing guideline, and while this can delay the process, it provides the necessary protections for customer investment and to promote the development of a competitive market in this space.

12f. What other emerging solutions could enable locked out demographics to participate in the energy transition and benefit from clean energy solutions?

EnergyAustralia offers a product to customers that alleviates the cost concerns for purchasing a battery, in which the cost of a solar system and the battery are not applied as upfront charges. We believe the NSW Government could explore providing residential batteries to vulnerable 'locked out' demographics, either subsidised or provided free of charge. The NSW Government could work with a provider to ensure the battery operates in a way that reduced the customer's energy debt by managing the operation of the battery in line with the customer's energy consumption and participating in selling energy or demand response.

12g. Are there any other ways the NSW Government can support broader rollout of community batteries and other promising DER solutions that can enable locked out demographics to access the benefits of clean energy solutions?

As above.

Issue 13: EV infrastructure in existing apartment buildings

13a. How can the NSW Government support the residential deployment of electric vehicles and associated charging infrastructure?

We would suggest subsidisation of the infrastructure costs and installation costs would directly support the deployment of charging infrastructure.

More broadly, when considering the widespread uptake of EVs, clear policy around the integration of EVs and other distributed energy resources into the energy system will be critical. Clear policy will provide the regulatory certainty for the sector to invest in EVs. The Energy Security Board's DER integration market design initiative will be key.

The natural tendency will be for customers to charge their EVs at night. From a broader system perspective, we want to incentivise customers to charge their EVs during non-peak times of the day and ideally to charge when there is excess solar during the middle of the day. This could result in subsidies for charging units that only operate when solar is being sent out, or a requirement for charging units to provide this form of charging method.

13b. What are the roadblocks to the installation of EV charging infrastructure in apartment buildings?

The roadblocks are:

- not enough electricity supply available;
- Strata and Body Corporate rules not allowing them; and,
- expensive installation costs.

13c. Of the three methods listed above, what is the preferred method for connecting EV charging infrastructure in apartment buildings?

The preferred method depends on what outcomes are sought. If it's communal use the preference should be EV charger connected to common property electricity meter. If it's for individual use, the preference should be EV charger connected to an individual unit's electricity meter.

13d. Do owners' corporations or strata managers have any concerns about residents contracting licensed electricians to install private charging infrastructure in their parking space and connecting it to their apartment's electricity meter?

Unless there are certain by-laws, the Owners Corporations or strata managers should not have any objection or concern.

13e. Should there be different connection requirements based on the size or capacity of the EV charging infrastructure (i.e. 7 kilowatt or 50 kilowatt chargers)?

There are already different connection requirements, based upon size and type of the charger.

13f. Who would be best placed to own and operate EV charging infrastructure in apartment buildings?

The actual infrastructure should be owned, operated and maintained by the Owners Corporation. The charger, should be owned operated and maintained by the vehicle owner. Therefore having infrastructure in place to accommodate new EV chargers is key for future developments.

13g. How should the costs of the EV charging infrastructure in the apartment building be accounted for?

It should be accounted for in the budget of the Owners Corporation or in the build costs when the apartment building is built (and factored into the property sale price).

13h. Do electricity retailers or any other entities offer any specialised plans or discounts to incentivise EV charging infrastructure in apartment buildings?

Embedded network operators incentivise developers of buildings to install EV charging infrastructure and then supply the charging stations to the builders. It is unlikely that Retailers not involved in the embedded network would do this.

13i. Would it be fair to charge EV charging infrastructure users fees for installing, maintaining and operating the EV charging infrastructure in strata schemes (in addition to energy consumption charges)? Who should pay for these and why?

No, we do not think the costs should be recovered directly from users only. Rather, the costs should be spread across all residents in the apartment, either via the Owners Corporation or in the build costs and factored into the property price. Subsidies supplied by Government would greatly assist.

13j. Should energy consumption from EV charging infrastructure on common property be paid for by users or borne by the owners' corporation?

We suggest users should pay.

13k. Who should be responsible for managing and controlling the use of EV charging infrastructure on common property?

The Owners Corporation should be responsible for managing and controlling the use of EV charging infrastructure on common property.

Issue 14: Service delivery model

14a. What are stakeholder views on the AEMC's proposed service delivery model?

EnergyAustralia supports the AEMC's decision to supply to SAPS customers using the existing retailer-customer relationship framework; and the use of an AEMO centrally administered price to enable retailers to pay the SAPS generator (via AEMO). We see the question of what is the price, as separate to this overall framework or structure.

We also understand that the NSW government is not necessarily seeking to change the framework. But that it may consider changing the price, and is considering a price that reflects the cost of generation in SAPS (e.g. solar, battery or diesel generation); as an alternative to the AEMO settlement price (which would be based on an average of settled spot prices over a period of time). We would be open to more consultation on the price, but less open to changes to the framework.

14b. Should DNSP-led SAPS customers always be required to contract with an energy retailer?

We consider that SAPS customers should always have the option to contract with an energy retailer, and likewise, retailers should always have the option to sell to SAPS customers.

EnergyAustralia agrees with the AEMC's views which clearly preferred the retailer-customer relationship framework. We agree with the AEMC's reasons that this framework will:

- enable customers to retain their choice of existing retailers making any transition to the SAPS service delivery as seamless as possible;
- ensure that customers supplied by SAPs will be no worse-off in respect of the price they pay for energy (broadly competitive with the rest of the market);
- ensure SAPS customers have access to consumer protections (NERL and NERR) equivalent to those received by customers directly connected to the grid; and,
- retain retail competition where possible, which is preferable to price regulation.

14c. Or is direct retail contracting with the relevant DNSP appropriate where the customer provides explicit informed consent? If so, under what circumstances?

The general approach should be to implement the AEMC's recommendation of a retailer-customer relationship framework for SAPS where possible, because of the reasons dot pointed above and particularly to provide SAP customers with consumer protections which DNSPs are not set up to provide.

However, we consider it might be appropriate to explore limited exceptions to the general approach, where:

- the SAPS is supplying only one customer; and/or,
- it would be more beneficial for the customer to be supplied by the DNSP. i.e. where the DNSP is offering a lower price than Retailers.

Despite this position (specifically the second dot point), we question whether DNSPs will be able to provide reduction in price that justifies the diversion from the existing framework:

- The administered settlement price, or any alternative price set by the Department, would apply and be the same for both Retailer and DNSP.
- SAPS customers would incur distribution network charges as per the same network tariffs applicable to grid connected customers under the application of postage stamp pricing. This would mean Retailers and DNSPs would be charging the same network tariffs to the customer. We actually recommend that this postage stamp pricing should be a price cap, so that Retailers and DNSPs can reflect the lower network costs of a SAP. This could potentially mean that DNSPs could charge lower network prices than Retailers, but it also raises potential anti-competitive/vertical integration issues, e.g., DNSPs could raise the prices of their SAP network services to Retailers so that they can undercut Retailers in the prices charged to customers; this is why DNSPs and Retailers are vertically separated in the NEM today.
- As the customer won't receive the same consumer protections, the DNSP would likely avoid compliance costs. While this could result in lower prices for customers, it does so at the expense of the customer receiving important consumer protections, such as hardship support, etc.

On balance, we consider that any exception to the general approach may raise more issues for the Department to resolve. If the Department were to explore a direct DNSP-customer relationship model, we recommend that:

- the customer's explicit informed consent be required;
- price cap regulation should apply to the DNSP's retail prices (especially where no retailers offer to supply the customer); and,
- the DNSP be required to offer consumer protections, or that the consent make it clear that the same consumer protections will not apply to the customer than if they were supplied by a retailer.

14d. Should the same service delivery requirements be applied for both individual power systems (SAPS supplying single customers) and microgrids?

As above.

14e. Which service delivery model do stakeholders prefer?

As above.

14f. Are there other options the NSW Government should be considering?

EnergyAustralia has not identified any additional options the NSW Government should consider.

Issue 15: Pricing

15a. What are stakeholder views on the AEMC's proposed pricing model?

EnergyAustralia accepts the DPIE's views that an AEMO administered settlement price mechanism does not reflect the cost of supply of energy through a SAPS system, and we agree that it may lead to confusion on the part of customers who do not understand why the price they are paying is tied to a market they no longer receive their energy supply from.

As above, we also understand that the NSW government is not necessarily seeking to change the retailer-customer relationship framework. But that it may consider changing the price, and is considering a price that reflects the cost of generating SAPS (e.g. solar, battery and diesel generation) and not the AEMO

settlement price. We would be open to more consultation on this issue, with the overall objective being that any cost savings from a SAPs (on generation and network costs) being passed through to customers.

The Department seems to suggest that the AEMC's proposal of an average settled spot price does not reflect the time varying cost of supply. However, depending on the generation type, costs may not vary for SAP generators in the same way that grid supply does, and therefore time of use price signals both at the wholesale and retail level may be less relevant, e.g., for diesel generation the cost of supply is the same throughout the day. However, we agree that if the SAPs uses solar PV then it would be more relevant.

15b. To what extent is non-cost reflective pricing a barrier to the roll-out of SAPS systems?

We do not consider non-cost reflective pricing is a barrier. The combination of AEMO's administered settlement price and the postage stamp pricing for network tariffs (applying the same network tariffs applicable to grid connected customers) should be sufficient to recover the cost of the SAPS.

The cost of SAPS should be well below this cost as the network costs should be much lower, solar and battery would have lower generation costs compared to the averaged settlement prices, and any higher cost of diesel generation would be more than offset by the lower network costs. Further, it is important to remember that DNSPs should only be deploying SAPS where it is more efficient (lower cost) than building the network to supply them in the first place.

15c. Given the limited number of expected SAPS customers in New South Wales, would it be more practical to maintain NEM consistent pricing?

Potentially yes, this is a question of the cost of regulation versus the benefits of regulating and setting an alternative price to the AEMO settlement price, and/or making changes to derogate and allow for a direct DNSP-customer relationship. The Department should also be cognisant that any derogations in the SAPS framework means duplication and inefficiencies for Retailers/AEMO and DNSPs; deploying different arrangements for NSW compared to other states.

15d. To what extent is the pricing model likely to affect the efficient sizing of the SAPS system and the customer's experience?

See 15b above.

Issue 16: Service classification

16a. Do stakeholders feel the AEMC's proposed service classification arrangements are suitable?

EnergyAustralia supports the AEMC's decision. We do not consider that specific SAPS services, relating to generation assets, should be classified as part of the distribution service. SAPS services relating to generation assets can be competitively delivered. It would provide an unfair advantage to DNSPs, to allow for them to recover those costs in the RAB, which will guarantee the distributor a return and be recovered from non-SAP customers.

As discussed above, the AEMO administered settlement price would be more than sufficient to cover the cost of the generation asset and any ancillary costs over a reasonable period. Any alternative price set by the NSW Department should also allow for this cost recovery.

16b. Do stakeholders feel the AER's final ring-fencing guidelines adequately support DNSPs to provide generation services in the absence of a market for third party provision of SAPS generation services?

EnergyAustralia supports the AER's ring-fencing review, which had broad engagement, and extensive consideration. We believe the AER adequately assessed the impacts on a developing SAPS generation service market by providing increased leniency to DNSPs in the exemption process.

We believe this is a reasonable assessment as multiple impediments exist for a competitive SAPS operator to compete with a DNSP that are protected by a guaranteed rate of return. The NSW Government should ensure it prioritises the development of this market, as the result will be a more price competitive offering for NSW SAPS connected customers.

16c. Should consideration be given to an increased exemption cap above that provided by the AER's national exemption cap?

EnergyAustralia has not identified any evidence to support the view that the SAPS exemption process is that restrictive or such a burden that it is impeding the roll out of SAPS to customers; the AER ring-fencing review received no substantiation from any of the DNSPs that participated in the consultation, and there has been nothing provided to support this additional review.

16d. Are stakeholders of the view that some form of change is needed to enable network ownership of SAPS generation assets?

EnergyAustralia does not believe any change is needed to enable additional network ownership of SAPS generation assets. DNSPs already hold a significant market advantage due to their size, and their low-risk business model. There is already a revenue cap established based on forecast SAPS deployment (which has not been exceeded), and even if it is exceeded, they are able to then use the exemption process. EnergyAustralia are strong supporters of the competitive market, and the benefits it can provide customers, and we believe when a competitive market is given the opportunity to develop, it will provide a more cost-effective option for NSW SAPS consumers.

16e. Which service classification option do stakeholders prefer?

As above.

16f. Are there other options the NSW Government should be considering?

EnergyAustralia does not believe there is any justifiable need for the NSW Government to consider this proposal or any additional options.

Issue 17: Access to information

17a. What kind of information, or which topics, do customers find most challenging or confusing to find information about in relation to smart meters, DER and/or other energy technologies?

There is a plethora of information available on these subjects, the issue in EnergyAustralia's view is that this information is provided inconsistently and does not have a central trusted source that is easily accessible or where customers can be directed to. As the subject matter is very diverse and technical, it leads to mistrust and information overload. We therefore would support the NSW Government conducting research into the best format and provider for this information, to prioritise trust and comprehension of this information.

17b. Are customers likely to access the information on a website using a desktop browser or a mobile device?

There is no clear preference either way, and even if there was, a solution should provide well designed options in both formats.

17c. Would customers prefer to focus their research journey by learning about the various technologies available to them, or by learning about their specific dwelling type?

EnergyAustralia support the NSW Government conducting research into customer's preference, as it is unlikely there is any qualitative or quantitative research that currently exists for this exact question.

Issue 18: Electricity retailers' emissions performance

18a. Would customers prefer to review emissions performance based on the electricity retailer (i.e. the business) or based on the electricity plans offered?

Some retailers, including EnergyAustralia, offer customers electricity plans incorporating various percentages of GreenPower, and some offer both electricity and gas plans with associated greenhouse gas emissions cancelled out through Climate Active accredited offset programs. For these certified offerings, we suggest that emissions information should be presented at the plan level.

For other energy plans, we recommend the provision of information on the basis of retailer performance. However, we note several challenges in striking a fair balance between accuracy and workability, which we explore below. We suggest also that the climate credentials of the gas supply value chain be referenced also in an equivalent reporting mechanism so as not to preference the use of gas appliances over electric appliances, where the electric equivalent typically has a lower footprint.

18b. Where would customers prefer to see information about retailer emissions (e.g. on a bill, on the retailer website, on a retail plan comparison site, or a combination)?

While we understand the broad policy intent behind emissions reporting, we have material concerns about how to determine the index or number with any reasonable accuracy. If these concerns can be overcome, we suggest that the information should be displayed on a retail plan comparison site – where the customer is presented with multiple plans for a customer to compare and where customers make buy decisions. This is where the customer will extract the most value. We do not recommend placing the information on the customer's bill, given that there is already a lot of information on the customer's bill which reduces customer's comprehension of their bill.

Electricity retailers all supply electricity from the same connected grid system, with the same emissions intensity. On this basis, we note that when presenting the information, the emissions performance information needs to be very carefully qualified and described to ensure compliance with Australian Consumer Law. There should not be any suggestion that a customer's electricity supplied to their premises comes from renewable resources as all Retailers buy electricity from the same physical grid (unless they are supplied from a standalone power system where the generation sources are entirely renewable) and it is misleading to suggest otherwise⁹.

18c. Are there existing frameworks that electricity retailers use, or can use, to report on emissions and/or offsets? If so, how can these frameworks incentivise renewable energy generation over carbon offsets to ensure avoided emissions are rated highly?

⁹ [Momentum fined for misleading consumers on renewable electricity | RenewEconomy](#)

We submit regulatory reports on GreenPower and report through our Climate Active Product Disclosure Statements (for our carbon offset program).

We also report our Scope 1 and 2 emissions for our generation business in line with the National Greenhouse and Energy Reporting scheme (NGER), however these emissions are not the same as our retail book emissions, which are supplied from the 'pool'. The Clean Energy Regulator is piloting a reporting scheme related to NGER where participants can report progress against decarbonisation pledges. This is voluntary however and we have not opted in.

We strongly believe that both incentivising renewable energy generation and carbon offsets for non-renewable energy both play an equally important part in the clean energy transition. We see carbon offset to be an important part until our non-renewable generation fleet can be retired. The clean energy transition is currently occurring, but non-renewable energy will continue to provide a low-cost energy supply and support the stability of the grid (via the nature of the energy they produce) until policy decisions and private investment made decisions on how those assets will be replaced. Governments and private industry want to ensure that the transition is planned and occurs without reliability issues (blackouts) and exponential rises in electricity prices.

EnergyAustralia is making significant progress with many announcements on how it will retire its coal generation assets, as we progress towards delivering on our own Climate Change Statement¹⁰. This statement includes transitioning out of coal assets by 2040 and reaching net zero greenhouse gas emissions by 2050. We will self-track our progress on our Climate Change Statement i.e. this is not tied to mandatory external reporting.

18d. What information to retailers already collect about the generation sources when purchasing electricity; for example, to meet internal targets or the RET? (Responses flagged as commercially sensitive will not be shared.)

The Renewable Energy Target scheme is underpinned by regulatory reporting to show whether we've met our compliance targets and surrendered a sufficient number of certificates. This has strong and consistent reporting but using the RET as one of the criteria raises other issues – given it's a mandatory scheme that applies across all Retailers.

18e. What offset programs do electricity retailers currently participate in? Are the programs in Australia or international?

EnergyAustralia operates Australia's second largest Climate Active certified carbon offsets program. Since 2016, we have given our customers the opportunity to offset their emissions from home electricity use, through our Go Neutral program at no extra cost to them. We expanded our Go Neutral program to gas in May 2020 and added Business Carbon Neutral in June 2020.¹¹

The offset units we purchase are eligible according to the Australian Government's Climate Active program and vetted in accordance with our procurement policy.

18f. What actions, if any, do electricity retailers take to promote GreenPower? Do electricity retailers offer GreenPower at a competitive market rate, or absorb any of the costs? How many of your customers opt-in to GreenPower?

¹⁰ [EnergyAustralia Climate Change Statement September 2021.pdf](#)

¹¹ [Carbon Neutral Electricity & Gas | EnergyAustralia](#)

EnergyAustralia offers a GreenPower¹² product, with information searchable on web search engines.

18g. Do retailers foresee any complexities or challenges reporting on the draft criteria?

Developing a workable solution to calculate the emissions performance of a Retailer is a very complex exercise. There is also no similar policy precedent for this type of initiative.

No.	Data source	EA's comments
1.	Type of generation purchased by electricity retailer outside of the spot market	<p>By its nature, this is an extremely difficult criterion to measure and accurately report. The Department may wish to consider removing this criterion altogether and relying on the other criteria.</p> <p>When the Department refers to type of generation outside the spot market, it is unclear whether the Department is referring to:</p> <ul style="list-style-type: none"> - PPAs which support investment in renewable energy generation (which include the purchase of LGCs for the RET); or, - any generated electricity purchased by a Retailer that is not purchased off the spot market. <p>The AEMC has defined a PPA as a long-term agreement between a generator and a purchaser (a retailer or a consumer) for the sale and supply of energy. Wind and solar farms often use PPAs. Typically this involves the wind or solar farm selling renewable energy certificates (LGCs under the RET) to the purchaser at a fixed price. LGCs can also be traded as a certificate as well.</p> <p>See answer for 18d for electricity sourced from self supply or "residual" bought from other parties.</p> <p>We also trade energy and participate through various derivatives which cannot be attached to physical greenhouse gas profiles. Trades on the spot market and contract hedging markets* also do not contain information on emissions/renewable energy sources. These markets deal with the wholesale price of electricity (for the spot market) and managing the risk of very volatile prices in the spot market (via hedging in the contracts market and derivatives). These markets do not have a price signal or information about emissions. Rather it is the RET scheme which deals with incentivising renewable energy in the market.</p> <p>*Contracts in effect fix the wholesale price retailers pay for electricity over a period, and vice versa help to fix a generator's return on supplying electricity¹³.</p>
2.	Renewable Energy Target compliance (RET)	<p>This reporting is reliable and can be produced but we question whether this information will be helpful in achieving the intent of this initiative when the scheme is mandatory for Retailers.</p> <p>All Retailers must comply with the RET and surrender certificates to meet their targets. LGCs are traded under Power Purchase Agreements and in</p>

¹² [Green & Renewable Energy Options | EnergyAustralia](#)

¹³ [Spot and contract markets | AEMC](#)

		<p>a market that trades certifications. LGCs bought under a Power Purchase Agreement can be sold in the market. Targets are proportional to the size of the retailer.</p> <p>We note that the Department will need to consider which measure it will use for its emissions reporting. 1 LGC is equivalent to 1 MWh.</p>
3.	GreenPower	<p>This reporting is reliable and can be produced. It also appears to be one of the stronger criterion on which to base the emissions performance reporting because:</p> <ul style="list-style-type: none"> - it is a product which Retailers are not obliged to provide (except for in the ACT where a Retailer must offer GreenPower if they are selling in the ACT). - Even though it's based on the purchase of LGCs, this is above what Retailers are obliged to purchase under the RET. <p>See question 18f for our answers to the sub questions. We suggest that the Department should keep the criteria simple and not add additional factors like retail price etc to "weight" the amount of GreenPower used by a Retailer.</p>
4.	Offsets (excluding GreenPower)	<p>Company commitments or policies to lowering emissions should be taken into account. EnergyAustralia's generation portfolio contains non-renewable generation which has been key to keeping the lights on and supplying significant amounts of electricity to the eastern seaboard states. Looking forward, we have fully committed to a zero emission generation portfolio by 2050. Customers should be provided this information so that they can make choices to support our commitment and vision. While this will be difficult to reflect in any emissions performance "index", the presence or absence of any commitment could be noted with a sentence describing what the commitment is and a link to further information.</p> <p>Energy efficiency and demand response schemes lower emissions to the extent that they lower electricity use. However, like the RET these are mandatory schemes that apply to all Retailers and so we question whether this should be counted towards emissions performance.</p>

18h. How often should the information about retailers' emissions performance be reported: monthly, quarterly, annually (by calendar year or financial year)?

Annual reporting would be our preference. There is no reason why reporting should be more frequent (performance should be able to be forecast or measured on an annual basis). This would also align with RET and other regulated reporting. More frequent reporting will only create more administrative burden for the Department and Retailers.

Issue 19: Definition of life support equipment for energy rebates

19a. Are customers and energy retailers aware of new, energy efficient or emerging life support equipment that are not eligible for the NSW LSR?

The NSW's life support equipment list is the most extensive compared to other states like Victoria. We have not come across new equipment requests in the context of the life support rebate.

However, in the life support registration process under the NERR, Personal Alarms and Electric Beds are common devices that are noted and are not on the NERR list.

19b. How often do energy retailers reject an application for the NSW LSR based on equipment type (if this data is available)?

We are not capturing this data.

19c. Can electricity retailers advise how many of their customers have notified it of life support equipment requirements but do not receive the LSR in New South Wales?

EnergyAustralia provided this information confidentially.

19d. How often should the NSW Government review its list of approved life support equipment?

Once every two years appears to be appropriate. It is unlikely that developments in life support equipment occur at a faster pace.

19e. How can medical declarations that support a customer's need for life support equipment be automated to reduce the burden on impacted customers?

This depends on what the Department means by automated and we seek more clarity on this concept. We take this as meaning a digital form which might be sent directly between a medical practitioner to a Retailer, or filling in parts of the form for the customer.

If the Department is interested in decreasing burden on customers, we would suggest:

- Removing the requirement for concession customers to renew their application every two years; and,
- Allow for the life support registration form to be consolidated with the NSW's concessions rebate form, so customers are only required to complete one form.

Issue 20: Digitalising engagement with DNSPs

20a. Would customers and DNSPs benefit from greater digitalisation of communication between them?

Potentially yes. Note our comments in response to question 22b.

20b. Are there current barriers to DNSPs communicating to customers electronically?

No comment.

20c. Would the development of systems that support customers opting-in to receive electronic communications and notices from their DNSP be of value?

Yes, particularly in the unplanned and planned interruption notification context.

Issue 21: Improving access to data on customers of embedded networks

21a. If embedded network operators were required to report on their 'child' connection points, should this reporting be done to the AER or their local electricity distribution network?

For registrable sites, the AER is provided this information already. Exempt sellers already report on customer numbers or child connections to the AER as part of their exemption registration process. Authorised Retailers selling to embedded network customers report on their customer numbers under Performance Reporting provided to the AER (but it may not be clear that the Retailer is selling to embedded networks).

AEMO's MSATS data should show where a NMI is a parent meter connection. The NMI is a mix of numbers and letters and there will be a description of embedded network, but it does not show any child NMI's that are linked to the parent meter connection.

21b. Other than status as an embedded network, and the number of 'child' connection points, what other data reporting requirements would be of value?

No comment.

Issue 22: Other improvements

22a. Is there any other NSW energy related information that could be made more digital friendly?

No comment.

22b. Are there any other NSW Government energy related processes that could be digitalised or streamlined, including for industry?

With regard to supporting digitalisation of network service providers, we agree with points made by Red Energy, that the Victorian Electricity Distribution Code has a process of providing non-post contact information to network service providers. We submit that whatever process the NSW Government considers, it should be consistent with that Code.

22c. Are there any new or emerging customer needs in the energy space that government should explore?

While the impacts of the transition to vulnerable customers is reference widely throughout the consultation paper, EnergyAustralia believe the NSW Government should provide additional consideration into the short- and long-term ramifications to vulnerable customers from the transition.

EnergyAustralia is concerned that high energy prices (resulting from forced closure of base load generation) will create a significant burden on customers, particularly following the financial constraints that resulted from the COVID pandemic. It is foreseeable, with the scheduled closure of baseload generation in NSW, that energy prices will rise, this will create debt concerns for customers and retailers.

We would appreciate the NSW Government's consideration of how to support vulnerable customers in the event that prices rise significantly due to the closure of baseload generation, and a corresponding consideration for how to support retailer viability in a scenario where debt recovery is significantly impacted; with a view to protecting NSW from the outcomes that are occurring globally (notably, the UK, which has seen 29 retailers exit the market since February 2022).