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NSW Government
By e-mail: energy.consumerpolicy@dpie.nsw.gov.au

City of Sydney - Consultation Paper Submission

The City of Sydney is pleased to respond to the NSW Government Consultation Paper about Energy Customer Policy Reform.

The energy system is undergoing a rapid transformation which brings many challenges and opportunities. The City commends the New South Wales Government on its proactive guidance and support of this transformation via its Electricity Infrastructure Roadmap and Net Zero Plans, as well as this consultation paper on the role of decentralised energy technologies and customer participation.

The City of Sydney has been reducing its operational emissions since 2006 with a mix of energy efficiency, a large fleet of electric vehicles, and renewable electricity. We have more than 2 megawatts of solar across 45 of our buildings, a grid-scale battery at our depot, and in July 2020 commenced a 10-year power purchase agreement for 100 per cent renewable electricity.

For the local area, our target is net zero emissions by 2035. Wholesale decarbonisation of stationary energy and transportation will be critical for meeting this target. Many of our businesses and residents are actively engaged and leading the way through programs like our Better Buildings Partnership, CitySwitch Green Office, Sustainable Destination Partnership and Smart Green Apartments.

Responses to relevant questions from the consultation paper are attached.

Should you wish to speak with a Council officer about this submission, please contact Nik Midlam, Manager Carbon Strategy, on 9265 9847 or at nmidlam@cityofsydney.nsw.gov.au.

Yours sincerely



Kim Woodbury
Chief Operating Officer

City of Sydney - Responses to Consultation Paper Questions

Issues 1 - 7

No comments.

Issue 8: Distributed Energy Resources (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?

The guiding principles are appropriate. It is recommended to add “benefits, equity and inclusion” following “impact” in the first principle.

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

A specific issue is how to facilitate the integration of vehicle to grid connections given that electric vehicles are likely to play an increasingly important role in delivering two-way grid services.

The NSW Government should also ensure that actions align with the Energy Security Board Post 2025 DER Implementation Plan. Like this consultation paper, it aims to unlock value for customers from the integration of DERs and flexible demand into energy markets, commencing with customer insights collaborations and forums.

Link:

- <https://www.energy.gov.au/government-priorities/energy-ministers/priorities/national-electricity-market-reforms/post-2025-market-design/der-implementation-plan-design-and-implementation-process>

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

A broad range of equity and inclusion considerations have been raised by many reputable organisations in the energy and equality space (links below).

Opportunities:

- Evaluate current programs aimed at supporting people on low incomes to access DER to understand whether they are effective, including whether they are reaching the right cohorts (e.g. many do not target low income renters).
- Develop clear, agreed definitions of ‘energy hardship’ and ‘safe and decent home’ supported by robust data and measurement to ensure that affordability and the health and wellbeing of residents are primary objectives, especially for vulnerable households.
- Set and enforce energy efficiency standards for all houses, particularly rental properties and ensure mandatory disclosure at the point of sale and lease.
- Increase tenant awareness and participation in programs.
- Educate property managers and tradespeople to increase their capacity and understanding.

- Provide incentives for landlords to upgrade poorly performing rental properties (e.g. grants or tax rebates in lieu of mandatory energy efficiency standards).
- Identify and target houses currently locked out with DER support (e.g. extend the Solar for Low Income Households program to include rebates for households on very low incomes and public and social housing providers).
- Support existing solar households to obtain batteries through a combination of zero-interest loans or virtual power plans (like the South Australia Virtual Power Plan and battery initiatives).

Links:

- Moore, Baker et al 2020 'Warm, cool and energy-affordable housing policy solutions for low income renters'. AHURI Final Report No. 338. Melbourne https://assets.nationbuilder.com/natureorg/legacy_url/3449/181220-policy-briefing-a-clean-energy-future-for-nsw.pdf?1630462817 accessed 18/02/2022, pp 44-46
- NCC, ACF, AYCC, Greenpeace, 350Australia, Community Power Agency, SolarCitizens 2020 'A clean energy future for NSW' https://assets.nationbuilder.com/natureorg/legacy_url/3449/181220-policy-briefing-a-clean-energy-future-for-nsw.pdf?1630462817 accessed 18/02/2022
- ACROSS, Renew, Clean Energy Council, NCOSS, Mission Australia, Sydney Alliance, Shelter, (ASBEC is a supporting org) et al. 2020 Joint proposal for economic stimulus health and affordable homes: national low-income energy productivity program <https://www.across.org.au/wp-content/uploads/2020/07/Economic-Stimulus-Healthy-Affordable-Homes-NLEPP-June-2020-Final-18062020-002.pdf> accessed 18/02/22

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

The NSW Government should accelerate investment to install solar on all government owned properties to ensure social/public housing tenants can share in the financial benefits of renewables. However, solar that is fed into the base building of a social/public housing apartment is unlikely to reduce outgoings of the residents. The benefits of solar need to be apportioned fairly on occupant energy bills through metering or software or wiring directly to tenancies by way of example. Reducing the bills of occupants is a priority. It is also key to adaptation strategies as energy consumption may increase with requirements for additional cooling.

There should be a significant focus to also support people living in apartment buildings and renters (social/public/private) to be part of the renewable energy transformation, even where they are prevented from installing DER on site. This can be enabled through with technology and virtual arrangements like solar gardens, competitive renewable power purchase agreements, or access to low cost GreenPower.

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?

Whilst exported energy can cause congestion and other network issues (in some locations) there are also multiple benefits and alternative technological solutions like community batteries and dynamic export controls that should be fully developed before limiting the size of onsite solar systems.

Rewiring Australia shows the pace of electrification and scaling up of renewable electricity that needs to occur to reap myriad benefits, including jobs and significant cost savings to household. Distributed and large-scale renewable energy needs to be scaled up rather than limited, and technologies like EV grid connectivity are vital to an efficient energy system. Limiting the size of a solar system based on consumption would be counter to the NSW Government aim of supporting the transformation. It would also limit future potential, given that consumption changes with time (e.g. were a household to electrify and purchase an EV).

Link:

- <https://www.rewiringaustralia.org/>

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

The NSW Government should look to the lessons learned from introducing similar requirements to inverters and meters in South Australia and Western Australia.

Issues 10 - 11

No comments.

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?

Inclusion, access, and fair apportionment of benefits should be key considerations for community batteries and other forms of DER, including both system-wide benefits and direct benefits to connected users.

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?

In many instances, community batteries are likely to be economically effective solutions (e.g. where there are network constraints and high solar penetration). There should be commercial advantages, compared to home batteries, due to economies of scale, purchasing power of networks, and integration with network controls.

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

Network companies are a logical choice to install and operate network scale batteries. However, ring fencing rules and regulations can be a barrier to widescale uptake as the administration process consumes more time and resources than default network processes (that do not support DER). This should be addressed by the NSW Government as community batteries can improve resilience, provide greater network efficiency and reduce overall costs to all users.

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?

In addition to investigating the impact of ring fencing rules (12e above), the NSW Government could identify priority locations (based on network constraints and high numbers of locked out demographics) and directly invest or subsidise community batteries those areas.

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?

Work with the Australian Government to remove barriers to electric vehicle take-up and accelerate the rollout of the rapid charging network on major routes. This will ensure the background conditions to allow the appropriate deployment of charging in residential buildings by providing options for people to charge. The NSW Government also has a significant role to procure fully electric vehicles for its fleet to create a more-affordable second-hand market for residents.

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

The NSW Government should continue to conduct feasibility studies into EV charging retrofits for strata buildings. There are significant barriers such as site capacity, software/hardware sharing applications, billing equity, use of space, etc. Owners Corporations are calling for support and continued NSW Government direction and support is needed. Groups such as the Owners Corporation Network should be contacted for input.

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

It is unlikely that a single methodology will apply to all buildings as it depends on the size and structure of the building, space availability, metering, and demand.

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?

Yes, residents are not able to install charging infrastructure on common property without the permission of the Owners Corporation.

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

The Owners Corporation – or through a contract managed on behalf of the Owners Corporation. The NSW Government feasibility study underway should inform this.

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

Either via a user-pays system, or the Owners Corporation. It depends on the size of the building and the charging solution.

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?

It depends on many factors and the complexity of the solution. Owners Corporations need support to navigate this situation.

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

This depends on the number of users and the complexity of metering/charging and software. In simple schemes an owner may be able to link to current meter. In larger schemes, this will not be possible and other solutions are required.

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

The Wattblock website contains reputable information about EV charging in apartment buildings that responds to this issue and many of the questions raised in this part of the consultation paper.

Links:

- <https://www.wattblock.com/ev-charging.html>
- https://www.wattblock.com/uploads/4/4/9/8/44984189/ev_charging_for_strata_fact_sheet_091121.pdf

Issues 14 - 15

No comments.

Issue 16: Service classification

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?

The rationale for ring-fencing is justified to prevent gaming of the energy system. However a detailed assessment needs to ensure that this does not prevent activities, like the installation of community batteries by the network service providers where this is shown to be the most cost effective and beneficial for the system as a whole and all energy users, even those who are not connected to the community battery, by improving the efficiency and reducing the cost of the network as a whole.

Issue 17: Access to information

No comments.

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?

Different cohorts have different preferences. As a minimum, the emissions performance of plans that are offered needs to be disclosed. An independent assessment of the emissions performance of the business as a whole is also

desirable as it would provide further transparency and may mitigate claims of green washing for retailers where only a small share of sales are low emissions.

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)?

All of the above.

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?

Many energy bills already show the energy and emissions against a 'typical' NSW household. For purchasers of 100% GreenPower or carbon neutral electricity these emissions are depicted as zero.

A standardised and consistent format on bills would make it more transparent, especially as customers change energy providers. It would also ensure a standard method for calculating emissions is applied. Market-based accounting is recommended for consistency with other programs and to avoid double counting of emissions.

The Australian Government Climate Active program is developing a 100% renewable energy standard which may apply to energy retailers. The NSW Government should align with Climate Active and ensure that certification does not overlap or cause market confusion with GreenPower.

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

The price of domestic and international carbon offsets has increased significantly over the past year and continues to do so. The commercial advantage of offsets compared with GreenPower is reducing which will remove a barrier for retailers to promote renewable energy.

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?

Different energy retailers have various levels of action to promote GreenPower. The most thorough and transparent recent assessment is the Green Electricity Guide, released February 2022. It documents that some retailers are highly active in promotion and only sell renewable products, whereas others are less active and sell only a small volume of GreenPower compared with total sales.

Link:

- <https://greenelectricityguide.org.au/>

Issue 19: Definition of life support equipment for energy rebates

No comments.

Issue 20: Digitalising engagement with DNSPs

No comments.

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?

It is important that consumer rights are considered in embedded networks and that these contracts do not add significant additional costs to Owners Corporations or lock residents out of procuring 100% renewable energy.

The NSW Government should explore options on ways that embedded networks could instead grow the renewable energy market and provide low cost renewable electricity to customers.

Issue 22: Other improvements

No comments.