

22 February 2022

Energy Consumers and Competition Policy Team
Department of Planning, Industry and Environment
4 Paramatta Square, 12 Darcy St
Paramatta NSW 2150

Via email to energy.consumerpolicy@dpie.nsw.gov.au

Dear Energy Consumers and Competition Policy Team,

Re: Promoting innovation for NSW energy customers – public consultation paper

Simply Energy welcomes the opportunity to provide feedback on the Department of Planning, Industry and Environment's (Department) consultation paper on promoting innovation for New South Wales (NSW) energy customers.

Simply Energy is a leading energy retailer with approximately 730,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

Simply Energy's submission provides feedback on several of the issues highlighted in the Department's consultation paper.

Digital energy technologies

Issue 1 – Meter costs to customers

Simply Energy does not support the Department's proposal that electricity retailers present the cost of smart meters on residential and small business electricity plans on their websites. The key issue related to smart meter costs is not the cost of the meter, but the cost of rectifying sites with legacy issues. For defective sites (such as, where there is asbestos on meter panels), customers must get the site rectified at their own expense before a smart meter can be installed. Rectification costs can act as a significant deterrent for a customer installing a smart meter when they are being asked to pay anywhere from a couple of hundred dollars to a few thousand dollars.

In our submission to the Australian Energy Market Commission's (AEMC) ongoing review into the regulatory framework for metering services, we stated that legacy issues will ideally be resolved by the relevant distribution network service provider (DNSP). DNSPs have been responsible for the safety of these sites for decades and they should continue to be responsible for all legacy issues.

Simply Energy urges the Department to allow the AEMC review to conclude before it implements any regulatory changes. Ideally, NSW would align with any changes that are made through the national process. However, if the AEMC is unable to solve the cost recovery issue, Simply Energy would support the NSW Government providing funding to cover the cost of rectifying defective sites, which were inherited by customers and retailers.

Issue 2 – Meter life and redundancy charges

Simply Energy is supportive of meters having a mandated retirement age, as this would provide certainty in relation to forecasting, budgeting and strategy for the smart meter rollout. However, issues related to cost recovery must be addressed before any aged-replacement rollout is introduced. An aged-replacement rollout would face significant issues if retailers and metering coordinators are provided sites that do not meet a sufficient standard and require significant rectification costs to be incurred before a smart meter can be installed.

We note that the AEMC is also considering mandating a retirement age for basic meters. As per our response to 'Issue 1', Simply Energy urges the NSW Government to allow the AEMC review to conclude before it decides on any regulatory changes.

Issue 4 – Meter board upgrades

Simply Energy supports the development of options to improve the efficiency of smart meter installations in multi-occupancy sites. Simply Energy has been seeing an increase in 'unable to complete' smart meter installations due to there being no room on meter boards. This is especially prevalent in multi-occupant sites that are used for government housing or renters.

As noted in our response to 'Issue 1', DNSPs have been traditionally responsible for the safety of these sites and should be responsible for all legacy issues related to their decisions not to maintain these sites to a sufficient standard. DNSPs should also be responsible for the costs involved in installing isolation devices where these are needed for the smart meter installation. This would enable the rectification costs to be transparently recovered by DNSPs through network charges rather than billed directly to the customer.

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

Simply Energy considers that the key issue with remote services is the inefficiency of the 'safety management plan' process and the requirements of the NSW Government's 'Guidelines for the Development of Safety Management Plans'. For example, the requirement that a customer is at the premises at the time of the remote re-energisation will result in a poor customer experience and is not required in Victoria, which has allowed remote services for many years.

Simply Energy urges the Department to work with NSW Fair Trading to improve the remote re-energisation and de-energisation framework so that NSW consumers can benefit from the convenience and reduced cost of remote services in the same way as Victorian consumers.

The future of distributed energy resources

Issue 8 – DER in New South Wales

Simply Energy considers that the Department can support low-income and vulnerable consumers while also reducing the occurrence of disruptions to the local electricity market. The Department could provide funding initiatives that rollout curtailable solar PV installations on public housing alongside initiatives that assist the rollout of community battery projects.

Installing solar PV on public housing would enable tenants to access locally supplied renewable energy that can significantly reduce their energy costs. These installations could also be made visible and controllable, so that they can contribute to the avoidance of disruptions in the local electricity market.

Funding for community battery projects could be focused within areas that are known to have high concentrations of solar PV installations and are susceptible, or forecast, to have negative electricity flows. This approach should help to reduce the need for solar PV export limits, which have a negative perception amongst customers and may be a barrier to customer participation in the market.

Issue 9 – Enabling flexibility and dynamic operating envelopes

Simply Energy is supportive of dynamic operating envelopes and should be effective in reducing the number of oversized solar PV systems being installed. The Department should also consider policies that promote solar self-consumption rather than exporting to the local electricity network. This could be through incentives (promoting the adoption of batteries, solar electric hot water heating, and electric vehicles) or through pricing (for example, discounted or seasonal feed-in tariffs).

Non-solar customers could also be encouraged to shift their usage to times of low system load through network price incentives. Customers may be unaware of how they may benefit by switching network tariff structures, so incentives from the NSW Government may be able to boost the uptake of these tariffs.

Issue 10 – Quality, standards and compliance

Simply Energy considers there is merit in a common entity, such as a distribution network service provider (DNSP), being able to communicate with distributed energy resources (DER) on their network and remotely check and modify settings when appropriate. However, the scale of change involved in making all new installed DER active (that is, visible and controllable) should not be underestimated. Appropriate consultation with affected stakeholders and a reasonable transition period should occur before any change is implemented.

In relation to the frequency of remote access to DER assets, customers will require certainty and transparency to avoid customers interpreting the change in their inverter's behaviour as being a fault and incurring unnecessary expense to have the inverter investigated.

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

Simply Energy agrees that the Australian Energy Market Operator's (AEMO) DER register would be an appropriate means of improving visibility of DER assets within NSW.

AEMO's DER register would better serve its purpose if it could broaden the types of DER it handles. However, for smaller DER devices and appliances, the administrative costs and accuracy of the provided data would likely result in it not being feasible to include these in the DER register.

Issue 12 – Community batteries and emerging technologies

Simply Energy believes battery energy storage will play a critical role in supporting the transition to an energy system with increased dependence on renewable energy. In particular, Simply Energy sees significant opportunities in exploring innovative business models that can offer consumers access to lower cost alternatives to residential energy storage systems, specifically via distribution connected community batteries.

Community batteries in Australia are a relatively new concept and various ownership, operations and business models are currently being tested. Simply Energy suggests that one area for further consideration is whether environmental charges should be applied to a community battery. The

intent of the battery is to alleviate network congestion caused by local solar PV rather than simply being consumed by loads within a private residence or commercial premises.

In relation to solutions to support locked-out demographics, the NSW Government could incentivise the development of new technologies, such as shared onsite solar PV solutions.

Energy customers' digital journey

Issue 17 – Access to information

Since March 2018, Simply Energy has been leading VPPx, which is an ARENA funded project to build the first virtual power plant (VPP) that integrates with a distributed energy market platform. Simply Energy is collaborating on this project with several partners, including technology vendor GreenSync and distribution network service provider SA Power Networks. Simply Energy's VPPx was also enrolled in the AEMO VPP Demonstrations program.

As part of the project, Simply Energy has published several knowledge sharing reports. We also published a 'lessons learnt report' in October 2020 that focused on how the uptake of VPP products was impacted by the costs of battery storage systems, available government subsidies, and broader economic factors (such as the coronavirus pandemic). The report includes the findings from a customer survey we undertook to better understand the factors that influence consumers' purchasing behaviour.¹

One of the questions in our survey was '*what were your primary sources of information when considering an energy solution?*'. We found that overwhelmingly, most customers undertook their own research and used a range of information sources. Customers were just as likely to source information from government websites as they were to source information from energy providers, energy solution companies, referrer/installers, and friends and family. Through our survey, we also found that consumers were most interested in finding out about potential subsidies and that their purchasing decisions were primarily driven by cost factors (including available subsidies).

This may suggest that the NSW Government should focus on ensuring their website has prominent information about the subsidies that consumers may be able to access. Funding that would be spent on a 'one-stop-shop' may be more effectively spent on additional subsidies.

Issue 18 – Electricity retailers' emissions performance

Simply Energy does not agree with the proposal to introduce new regulations to encourage retailers to provide transparent information on their emissions performance. Retailers understand that consumers value environmental outcomes and the use of renewable sources of electricity. That is why many retailers that have strong environmental credentials are already highlighting this information to consumers in their marketing and on their websites. Consumers that are searching for a retailer that uses more renewable sources of electricity can already easily find this information.

For example, Simply Energy's website prominently informs consumers that we provide carbon neutral energy at no extra cost and that we are backed by ENGIE, who are leading the energy transition by building renewable energy assets and providing better energy solutions for customers. All energy we have sold from 1 January 2021 onwards has been certified carbon neutral by Climate Active, which is a partnership between the Australian Government and Australian businesses to drive voluntary climate action.

¹ Simply Energy 2020, Simply Energy – Lessons Learnt Report, available at: <https://arena.gov.au/assets/2020/11/simply-energy-lessons-learnt-report.pdf>

Concluding remarks

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Matthew Giampiccolo, Senior Regulatory Adviser, at matthew.giampiccolo@simplyenergy.com.au

Yours sincerely

A handwritten signature in black ink that reads "James Barton". The signature is written in a cursive style with a large, stylized 'J' and 'B'.

James Barton
General Manager, Regulation
Simply Energy