



Tasmanian Renewable Energy Alliance Inc.

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25 November 2013

Attention: Jacqui Thorpe
Acting General Manager
Retail Markets Branch
Australian Energy Regulator

by email to: AERInquiry@aer.gov.au

Dear Ms Thorpe

Re: Alternative Energy Sellers – Issues Paper

Please find attached our response to this issues paper.

We have an ongoing interest in this topic and would appreciate being included in future consultation processes.

Please feel free to contact me by phone (0407) 486-651 or email at eo@tasrenew.org.au if you would like to discuss this further.

Yours sincerely

Jack Gilding
Executive Officer

About the Tasmanian Renewable Energy Alliance

The Tasmanian Renewable Energy Alliance has been established to:

- Provide a united voice for the renewable energy industry in dealing with government and regulatory agencies.
- Provide services to members that assist them to conduct their business in an efficient and cost effective manner.
- Promote the use of renewable energy in Tasmania.
- Provide independent advice to the public to assist Tasmanians to obtain high quality renewable energy systems from reputable local suppliers.

Our members are interested in supporting the development of innovative arrangements for the development and supply of distributed renewable energy.

Response to questions in the Issues Paper

1. What, if any, other alternative energy selling business models are stakeholders aware of (apart from those listed in section 3), and what future business models do stakeholders consider could emerge?

While solar leasing arrangements and solar PPAs are the most common alternative energy retailing model at the moment, this is a rapidly developing area and we welcome the AER's initiative in producing the Issues Paper.

As well as the situations and models discussed in the Issues Paper we see many other models developing, for example:

- Urban community developments such as co-housing projects where a group of people jointly develop housing designed to be more self-sufficient, to share resources and to minimise their environmental impact. These communities might have a body corporate that owns distributed generation and possibly distributed energy storage infrastructure and supplements purchased electricity with on-site generation and storage.
- Community solar projects where a group of investors invest in solar infrastructure on a building, sell the electricity to the building owner and distribute returns to investors.
- Local communities in remote locations who wish to share ownership of local electricity generation, storage and distribution infrastructure. These may be edge-of-grid situations with benefits in reduced need for grid upgrades, or they may be off-grid situations.
- Communities who wish to invest in and develop local renewable energy infrastructure and to offset their domestic electricity consumption against local generation.
- A group of farmers cooperate with a commercial supplier to develop wind and solar energy on their properties for both local consumption and export.

2. What are stakeholder's views on the AER's proposed policy considerations set out in section 3 above?

In general we agree with and support the policy considerations set out in section 3.

3. What are stakeholders' views on the AER's proposed approach to granting exemptions and authorisations for alternative energy sellers in section 4?

While many of the arrangements outlined above are in the early stages of development, we are concerned that the requirement for individual exemptions is likely to be unnecessarily complex and expensive for smaller scale commercial and non-profit initiatives.

We would encourage the AER to work actively with stakeholders to identify situations in which deemed or registrable exemptions can be implemented to support the development of innovative and flexible alternative supply and demand management services.

4. What, if any, other considerations should the AER take into account to regulate the sale of energy under alternative energy selling models?

We support the Clean Energy Council's recommendation that

“The AER should clarify the regulatory framework governing the direct sale of electricity between a distributed generator that produces solar electricity in excess of its own requirements and a neighbouring company that wishes to purchase the electricity (sometimes referred to as ‘wheeling arrangements’).”

Such a framework should apply to all distributed generators of renewable energy (not just solar) and should also provide guidance in situations where the local purchaser of the surplus generation are other types of customers including community facilities and individual households.

Encouraging innovative arrangement for local generation and consumption of electricity provides benefits for all electricity consumers by reducing the need for network infrastructure maintenance and upgrades. Transmission and distribution costs can make up close to half the cost of retail electricity.

5. What implications, or future implications, could arise for the regulation of alternative energy sellers under the Retail Law, or other consumer protection legislative frameworks?

We do not have any comments on this question. Because new models are still being explored by communities and service providers there will need to be ongoing review of implications by the AER.

6. What, if any, conditions should be placed on an individual exemption for an alternative energy seller?

In situations where a deemed or registrable exemption does not apply, conditions place on an individual exemption should take into account both the size and nature of the proposed arrangement.

For example where a group of people voluntarily decide to provide most or all of their own electricity from local generation under non-profit arrangements there is a strong case that they should not be required to meet all the same regulatory requirements and consumer protections that apply to fully commercial retailing.

The general approach should be to identify the minimum conditions necessary to ensure consumer protection while encouraging innovative arrangements.