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28 April 2023

Dr Kris Funston  
Executive General Manager, Network Regulation  
Australian Energy Regulator

by email: [exportservicesreview@aer.gov.au](mailto:exportservicesreview@aer.gov.au)

Dear Kris

## Draft export service incentive scheme – Submission

AusNet welcomes the opportunity to provide this submission to the Australian Energy Regulator's (AER) draft export service incentive scheme (ESIS).

We support the AER's proposal to develop a new small-scale incentive scheme (SSIS) for export services. The new small-scale scheme will provide opportunities for progressive improvements in export services customers most value. It is appropriate the ESIS is in addition to expenditure allowances that will be necessary for the integration of significantly more consumer energy resources (CER) on the network as part of the energy sector transition to Net Zero by 2050.

We support of the AER's proposed principles-based approach for the development of the ESIS, allowing distributors and their customers to design an incentive scheme that is aligned with customers' preferences and priorities. This is consistent with the approach taken for the development of the customer service incentive scheme (CSIS), which we successfully co-designed with our Customer Forum during the preparation of the 2021–2026 regulatory proposal.

We broadly support the proposed principles and the design of the scheme, however, consider the development of the ESIS should be more flexible to allow customers and stakeholders to meaningfully contribute to the design. This includes the following recommendations:

- **Development of the methodology of the ESIS**—distributors should engage on the ESIS methodology with their customers and stakeholders, which may include considerations of multiple methodology options (and some may be relatively simple). The decision on whether an independent review of the methodology is required and has merit should be decided through this engagement, rather than mandated.
- **Revenue at risk**—in accordance with the National Electricity Rules (the Rules), the ESIS should retain the flexibility to apply a revenue at risk within a range of 0-1%, with the actual revenue at risk to be decided through reset engagement. Equally, the interaction between the ESIS, the CSIS and the service target performance incentive scheme (STPIS) should be subject to customer preferences and priorities, which may result in any variation of revenue at risk allocations allowable within the Rules.

Please do not hesitate to contact me on [REDACTED] about this submission.

Sincerely,

[REDACTED]  
Sonja Lekovic  
Regulatory Policy Manager  
AusNet Services