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To: [AERresets2024-29](#)
Cc: [REDACTED]
Subject: Proposed distribution charge on NSW solar micro generation exports
Date: Monday, 15 May 2023 6:14:43 PM

Good morning:

I wanted to add my comments to the proposed solar export charge discussion for NSW. I have working in and around the electricity industry since 1989, initially in the UK but since 1995, in Australia.

The proposal to allow distribution companies to charge an export charge for micro solar generation is flawed and unfounded for the following reasons:

- **Congestion cannot be present as the recent NSW distribution reviews have allowed distributors to “gold plate” their network.**
 - o In 2017, the AER took the NSW distribution companies to court for “gold plating” the network and seeking to “over” charge customers by \$3bn.
 - o The recent distribution reviews have had generous electricity forecasts that have not materialised. The AER would have provided capital to meet these blue-sky electricity growth forecasts.
 - o Hence, the distributors have been provided sufficient funds to gold plate foreseeable network usage growth thus there should be no congestion.
- **Failure to invest distribution review capital budget wisely is their business decision and poor management decisions should not be rescued by the consumer.**
 - o If they haven’t used these funds wisely, then this is their business risk which should not be passed to the consumer.
- **Retrospective regulation means diminished value compensation is due.**
 - o The distribution companies have accepted solar generation connection to their grids, homeowners have made investments on a good faith basis which are now diminished on retrospective rules changes.
 - o As Energy companies have always argued, they are due compensation be for retrospective regulation changes that impact their purchase of energy assets. Thus owners are entitled for compensation for the diminished value of their solar micro generation.
- **The distributor’s proposal is the forced acquisition of private wealth between parties with unequal negation power.**
 - o In NSW, the typical solar feed in tariff is 5c per KWh versus the distributor’s proposed export distribution charge of upto 3.6c. This proposal means that the distributor wishes to forcefully acquire 72% of the economic value of the solar export.
 - o The individual consumer has no negotiation power due to the extremely large monopolists who provide electricity distribution.
 - o In many of its recent decisions, AER seems to have had partial capture by the companies it is meant to be regulating.
 - o This is another lobbying campaign by by the coal lobby (featuring regulatory proposals, political and media lobbying) to obstruct any move to non emitting generation.
- **The recommendation fails to promote innovation in the distributors.**
 - o AER is failing to promote innovation in the NSW distributor industry by continuing to focus on protecting Distribution Use of System tariffs.
 - o There are obvious innovation opportunities that would drive efficiencies and create value creation opportunity for the distributor. These could include: load shedding for consumers (enabled by smart meters); load consumption by consumers (e.g refrigerated warehouses, hot water or air conditioning); embedded electricity storage; distributor controlled interactive domestic batteries; EV charging incentives.

· **Proposal will drive consumer behaviour to reduce grid dependence.**

- o With the distributors capturing a significant share of the low feed in tariffs provided by retailers, customers will seek greater independence from these monopolistic behaviours. Investing in home batteries will provide greater economic returns to the homeowner whilst reducing the distribution network revenues.

I hope this provides some useful input to your discussions

All the best

Hugh

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