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Paul Graham
Chief Economist Energy
CSIRO Energy
PO Box 330
Newcastle NSW 2300

Jemena Electricity
Networks (Vic) Ltd
ABN 82 064 651 083

Level 16, 567 Collins Street
Melbourne, VIC 3000
PO Box 16182
Melbourne, VIC 3000
T +61 3 9173 7000
F +61 3 9173 7516
www.jemena.com.au

By email: vader@csiro.au

Dear Paul

Value of Distributed Energy Resources: Methodology Study – consultation draft report

Jemena Electricity Networks (Vic) Ltd (**JEN**) welcomes the opportunity to respond to CSIRO and CutlerMerz’s consultation draft report on the Value of Distributed Energy Resources (**the Report**), and we also appreciate being involved in the direct consultation activities as part of this study to date.

The need for expenditure by electricity distribution networks to more efficiently integrate distributed energy resources (**DER**) in a way which best contributes to the long-term interests of customers is likely to continue to grow rapidly with the take-up of DER.

Broadly, JEN is supportive of distinguishing between shorthand and longhand methodologies for the calculation of market benefits. This recognises that the application of longhand market modelling methodologies may involve significant expense and time to implement, which in some cases may outweigh the incremental value that would be realised by undertaking the investment.

JEN acknowledges the important work on DER-related policy and market reforms currently being undertaken by the Distributed Energy Integration Program Access and Pricing Working Group, the Australian Energy Market Commission and other organisations. This is particularly important in relation to stakeholders’ concerns regarding the equity of current access arrangements for DER, and we note that the outcomes of these processes may have implications for the definition of a ‘base case’ for DER integration investment analysis.

However, under the current regulatory arrangements, we consider that a ‘base case’ should reflect the DER mandated settings and requirements of the distributor at that time—noting that these policies may include requirements to limit DER exports, via DER inverter reactive power control, to ensure the distributor can remain compliant with technical standards. In our view, a base case which involves the application of an *existing* connection policy best reflects the Regulatory Investment Test for Distribution base case guidance in relation to not implementing ‘any other credible option.’

If you have any questions regarding this submission, please contact me
on [REDACTED]

Yours sincerely

[signed]

Matthew Serpell
Electricity Regulation Manager