

25 August 2021

Dr Kris Funston
Executive General Manager, Network Regulation
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Via email to AERinquiry@aer.gov.au

Dear Dr Funston,

Re: Draft distributed energy resources integration expenditure guidance note

Simply Energy welcomes the opportunity to provide feedback on the Australian Energy Regulator's (AER) draft distributed energy resources (DER) integration expenditure guidance note.

Simply Energy is a leading energy retailer with approximately 750,000 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.

Since March 2018, Simply Energy has also 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 (DNSP) SA Power Networks.

Simply Energy strongly believes that VPPs will be an important contributor to the energy market's transition to a renewable energy future. The continued development of VPPs is largely dependent on the ability of consumers to connect their DER to the grid and export energy. On that basis, Simply Energy welcomes the AER's proposal to develop a guidance note to formalise DER integration expenditure proposals in the electricity distribution determination process.

Improving transparency is the crucial aspect of this process and would provide industry with more confidence of the DNSPs' expenditure proposals. Simply Energy supports the AER's proposal that DNSPs prepare a long-term DER integration strategy and be required to demonstrate that their proposals for DER integration expenditure align with the strategy. DNSPs should outline in their strategy how investments in DER integration and network expansion will be coordinated and balanced over the forecast period. In relation to identifying wholesale market benefits, Simply Energy would support the AER providing DNSPs with a basic calculation tool rather than requiring complex and costly market modelling. If a DNSP chose to undertake their own modelling, they should be able to do so if their inputs and calculations are transparent and open to stakeholder scrutiny.

Simply Energy agrees that all DNSPs should have consistent methodologies and assumptions in developing business cases for DER integration projects. However, the format for the business case for a DER integration project need not be fully prescriptive. To encourage innovation, the AER should largely rely on principles-based guidance. Simply Energy supports the retention of some

prescriptive minimum requirements to ensure that critical information is detailed consistently across all proposals.

Simply Energy shares the view put forward by consumer advocates that where network benefits have been identified from DER integration, there should also be transparency from DNSPs on whether there has been a commensurate level of reduction in expenditure within other parts of their capital expenditure programs. Additionally, due consideration and transparency should be given to how much of a contribution end-consumers have, or are expected to have, towards the purchase of eligible DER to support the solution.

In closing, Simply Energy supports the AER’s draft DER integration expenditure guidance note and welcomes improvements in the transparency and consistency of DNSPs’ proposals. 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

[Redacted]

Yours sincerely

[Redacted Signature]

James Barton
General Manager, Regulation
Simply Energy