

9 December 2022

Mr Mark Feather
General Manager, Strategic Policy and Energy Systems Innovation
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Mr Feather,

Re: Flexible export limits – issues paper

Simply Energy welcomes the opportunity to provide feedback on the issues paper on the review of the regulatory framework for flexible export limit implementation.

Simply Energy is a leading energy retailer with approximately 700,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. Simply Energy is owned by the ENGIE Group, one of the largest independent power producers in the world and a global leader in the transition to a zero-carbon economy. 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.

Overall, Simply Energy supports the development of flexible export limits. Network capacity is not static throughout the day and consumers may benefit if the network can be utilised more efficiently and costly augmentations can be deferred. While consumers may receive some benefits from the introduction of flexible export limits, we expect that DNSPs would be the key beneficiary from this reform.

Models of operation for flexible export limits

We note that in the issues paper, the AER sets out two broad models of operation for flexible export limits in the initial implementation stage:

- A DNSP communicates the export limit to compatible consumer devices that then manage output within the limit
- a market participant passes through the DNSP communication to consumer devices.

Simply Energy's view is that it would be an over-reach for DNSPs to have an ability to control a consumers' Consumer/Distributed Energy Resources (CER) assets. Simply Energy considers that the role of DNSPs should be to provide price signals and incentives that encourage usage that enables the network to operate more efficiently. Market participants already have the capability to manage their customers' assets to respond to tariff signals and incentives, while also simultaneously managing the customer relationship (including billing services) and customer preferences.

To ensure an ongoing social licence within the electricity industry, consumers should continue to be able to choose who manages their electricity storage assets and be confident that the entity exercising control is doing so in their interest. We also consider that market participants are best-placed to manage the responsibility of operating within flexible export limits on behalf of customers.

Principles for capacity allocation

Simply Energy broadly considers that the DEIP Working Group principles set out in the issues paper are a sensible starting position. We consider that there is still a significant amount of work that will need to be completed to identify whether each of the principles are workable in practice.

Simply Energy also supports principles for static export limits being developed for use by DNSPs going forward. We consider that static and flexible export limits will each have inputs into the capacity allocation methodologies that affect the outcome of the other.

Consumer choice and information provision

We consider that it is important that consumers retain the choice between static and dynamic export limits. Simply Energy would support connection agreements between the DNSP and the customer setting out the expectations of what will be made available to the customer in different scenarios. The DNSP should also provide the customer with information on who they should contact if they require further information on the operation of their connection agreement and/or how the choices they make in relation to export limits can affect the expected outcomes from their CER assets.

At least in the short to medium term, Simply Energy would support a requirement that DNSPs allow a consumer that has opted-in to flexible export limits to be able to change their mind and revert back to static export limits (for example, when there is a change to the connection agreement). A static export limit should remain available for consumers that want to make that choice.

Governance arrangements

As a general principle, consumers should not be held responsible for any breaches or non-compliance issues relating to export limits (such as, their device not responding to a change in the export limit), unless they have specifically tampered with the relevant assets or inverter. Despite this, we do consider that the DNSP should liaise with a consumer in the event of a non-conformance issue, so that the consumer can refer any rectification works to the relevant installer, technology provider or Original Equipment Manufacturer (OEM).

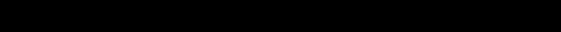
We consider that the technology provider or OEM are the appropriate entities to be responsible for whether a device can technically operate within export limits. The technology provider and OEM are already subject to certifications and other compliance obligations in relation to devices. The technology provider should also be responsible for ensuring that installers are suitably trained and can provide a service at a consistent standard and that any communications or export limiting equipment can't be easily bypassed or disconnected by non-qualified personnel.

We do not consider that a market participant (or trader) should be responsible for any rectification of a non-conforming device, unless they were the party that installed the device on behalf of the consumer. In addition to the participant not being a party to the consumer's agreement with the technology provider or OEM, consumers are able to switch between providers over time, which would then shift this responsibility to a participant that did not service that consumer at the time of installation.

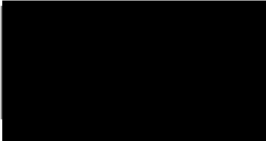
However, we do agree that a market participant (or trader) that is involved in the operation of a device should be responsible for operating within export limits to the extent that there is no defect with the device (which would mean that the responsibility is better placed with the technology provider or OEM). In this instance, the agreement between the consumer and the market participant could include an obligation that the market participant would operate the device within the flexible export limits that the DNSP has set. Simply Energy considers that this would be a simpler approach than adding a third-party to the consumer's connection agreement.

Concluding remarks

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



Yours sincerely



James Barton
General Manager, Regulation
Simply Energy