

12 August 2011

General Manager
Network Operations and Development Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Via email: AERInquiry@aer.gov.au

Dear Sir,

Submission to network and retail exemption guidelines

Thank you for the opportunity to comment on the important issues raised in the discussion paper. Please find below some comments on issues raised in the consultation paper, using the numbering from the paper.

Q1 Do stakeholders support the AER's decision to align the classes of exemption in the network Guideline with the Exempt Selling Guideline?

Yes.

Q2 Are the classes of exemption clear and easily interpreted?

Yes, we welcome the clarity provided by the exemption classes for embedded generators.

Q3 Are there any other network situations that stakeholders consider would warrant a separate exemption category?

No.

Q4 Do stakeholders agree that the general conditions are appropriate for exempt networks?

Yes.

Q5 Do stakeholders consider any further conditions be included in the general conditions for exempt networks?

No.

Q6 Do stakeholders consider the criteria for revocation are appropriate for exempt networks?

Yes.

Q7 Do stakeholders consider the proposed process fair and reasonable?

Yes.

Q8 The AER considers common standards for the accuracy of metering will benefit consumers. Do stakeholders agree with this approach?

Yes.

Q9 The AER considers that electricity should not be treated to any other service or product with regard to metering. Do stakeholders agree with this approach?

Yes, except where the customer is the same party as that at the boundary meter, in which case the boundary meter should suffice.

Q10 The observance of safety standards is essential for consumers to have confidence in exempt network. Do stakeholders consider the AER's condition will achieve this objective?

Yes.

Q11 As regulatory gaps can arise when related activities are authorised under different legislation the AER considers that this cross-over condition will minimise the prospect of a gap arising in the retail onselling framework. Do stakeholders consider the AER's condition will be sufficient for this purpose?

Yes.

Q12 Do stakeholders have any suggestions which would improve this condition?

No.

Q13 Do stakeholders consider aggregation should be permitted in exempt networks? If so, why? Or why not?

Yes.

Q14 Do stakeholders consider the proposed registration arrangements are clear and the information requirements to be sufficient?

Yes, but we request an opportunity to review the downloadable registrable exemption form, and the individual exemption application form as referred to in Part C of the Guideline.

Q15 Do stakeholders agree with the AER's metering conditions for exempt networks?

Yes, except where the customer is the same party as that at the boundary meter, in which case the boundary meter should suffice.

Q16 Do stakeholders consider the conditions that are applicable to energy generation appropriate?

We do not agree that *off-market energy generation* “must be metered in accordance with the applicable requirements for direct connection to the NEM distribution or, where applicable, transmission network.”

Off-market energy generation is typically installed as a backup supply in the event of mains supply failure, and they are usually owned and operated by the exempt network owner/operator. Any off-market energy generation from these sources can be identified easily by the corresponding drop in energy consumption as captured by the boundary meter on these exempt networks.

If the AER’s intention is to capture the off-market energy generation being exported to the NEM; upgrading the exempt network’s boundary meter to Type 4 metering installation with four-quadrant meters should suffice. The boundary meters can be swapped easily without an extended supply disruption to the site, and it avoids disruptive and costly metal bashing on the existing generator switchboard to retrofit the new generator metering installation.

While this condition does not affect Energy Response directly, we’re concerned the AER might be imposing unnecessary costs on many building owners.

Q17 Do stakeholders have any comments on electric vehicles or electric charging stations, and the conditions to be applied to them?

No.

Q18 Do stakeholders consider the AER’s approach to the application of distribution loss factors to exempt networks to be appropriate?

Yes, we support the AER’s approach in aligning the definition of a small load with clause 3.6.3 of the NER. And for these small loads, the use of the distribution loss factor at the exempt network’s metered point of connection for all meters within the exempt network.

The last paragraph of section 7.3 is potentially ambiguous, so we would appreciate confirmation that we’ve understood the AER’s intent correctly: that generators of less than 10MW peak output connected within an embedded network with less than 10MW peak load should not require a site-specific DLF.

Q19 Do stakeholders have any comments in relation to the AER’s approach to external and internal network charges?

No.

Q20 Do stakeholders have any comments in relation to the AER’s approach to Charge Groups outlined in the network Guideline?

No.

Q21 Should any other charge groups be permitted by the AER? If so, why?

No.

Q22 Do stakeholders have any comments in relation to the requirements for registration or application for an individual exemption?

No.

Q23 Are there any other matters the AER has not considered in this draft network Guideline which stakeholders believe should be addressed?

No.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ti-Haur Tan', with a horizontal line underneath.

Ti-Haur Tan
Manager of Field Operations, Australia
Energy Response Pty Ltd