

30 January 2023

Mr Kris Funston
Executive General Manager
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Mr Funston

RE Incentivising and measuring export services performance

TasNetworks welcomes the opportunity to make a submission to the Australian Energy Regulator (**AER**) regarding the draft report on Incentivising and measuring export services performance consultation.

TasNetworks, as the Transmission Network Service Provider (**TNSP**), Distribution Network Service Provider (**DNSP**) and Jurisdictional Planner for Tasmania is focussed on delivering safe, secure and reliable electricity network services to its customers at the lowest sustainable prices. As such, TasNetworks is committed to ensuring customers can maximise the benefit of their investment in the various consumer energy resources (**CER**). TasNetworks is supportive of the AER's investigation into ways to provide meaningful and targeted incentives in the area of export services.

TasNetworks supports a staged approach to the introduction of incentives and reporting of export services given the differences in CER penetration across the National Electricity Market (**NEM**). Given the current level of CER penetration in Tasmania (for example, less than 15 per cent of customers have installed photovoltaic cells), the lack of a strong correlation between CER penetration and constraints (influenced by Tasmania having a winter morning peak demand) and only limited concerns about poor customer outcomes being presented to TasNetworks, it would not be beneficial to introduce an incentive scheme for export services in Tasmania in the near future. Consistent with this, TasNetworks supports the AER's proposal for a future review before introducing a NEM wide incentive scheme.

As noted in the draft report, there is currently insufficient data to develop operating environmental factors (**OEF**) for export services. Consistent with this is the difficulty in undertaking any comparison of export services between DNSPs. DNSPs are facing different

drivers, whether they be state government incentives, local economics or geography. With this in mind, the AER should continue to monitor developments and assess international data. Given the expected changes in the use of CER and the gradual introduction of export tariffs (noting TasNetworks currently does not plan to introduce export tariffs during the 2024-29 regulatory period) there is unlikely to be sufficient time to observe the impacts of these changes and any bespoke incentive measures developed elsewhere by 2027. Therefore, while TasNetworks supports a review being initiated, this should only occur once sufficient data has been collected on which to base the review. Then, and only then, should the AER consider benchmarking export services.

TasNetworks agrees that capturing relevant metrics is an effective method of reporting on DNSP performance with respect to export service performance. However, some of the metrics chosen are either inefficient for the DNSP to report or are currently not captured by the DNSP. For example, there is no efficient means for TasNetworks to capture up to date data on the compliance of installed inverters. All inverters on the TasNetworks network are required to be installed with the most up to date inverter standards (currently AS/NZS 4777.2:2020). TasNetworks only checks the inverter model against the CEC approved inverter list when the application is made, which would assume compliance to standards. Onsite commissioning checks are performed by the Department of Justice, not TasNetworks. Further, inverters updating firmware to the newer standard are not recorded by TasNetworks. TasNetworks can only report on when the inverter was installed and associate the inverter with the standards applicable at that time. Accurate metrics of this number may be efficiently determined by inverter manufacturers who may have access to check the firmware of installed inverters remotely.

If you have further queries regarding this submission, please contact Tim Astley, Network Reform and Regulatory Compliance Team Leader on [REDACTED]

Yours sincerely

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Chantal Hopwood
Head of Regulation