



Energy Queensland Tariff Structure Statement

TEC submission to AER

May 2019

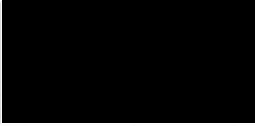
TEC is funded by Energy Consumers Australia to advocate for the role of distributed energy resources in the equitable decarbonisation of the NEM. We represent solar and other environmental consumers in the current NEM-wide tariff structure statement (TSS) processes for the next regulatory period. Our interest is primarily in new, demand based tariffs and their take up by solar and battery owners.

This short submission summarises the main points we wish to make in response to the latest (2 May) iteration of EQ's TSS.

1. We recognise that networks are being forced to design tariffs around peak demand driven augmentation, when this is in most cases yesterday's problem. Negative daytime demand, VPP orchestration of battery charging and discharging and evening EV charging will be the new challenges are by 2025.
2. This has been a long, convoluted and still unfinished process, and it is unclear why such significant changes still need to be made so late in the process, with EQ dumping the so-called Lifestyle package of tariffs after spending a year developing it.
3. TEC is broadly supportive of the design parameters for the new demand and capacity tariffs, which are more innovative than those of some other networks. However,
 - We reiterate our concern with the complexity and lack of transparency/flexibility of maximum monthly demand tariffs (as opposed to peak time rebates and capacity tariffs).
 - It is not clear the extent to which fixed charges will increase over 2020-2025. TEC does not support higher fixed charges since they discriminate against low income and low consumption/energy efficient households. We note that the AEMC made it clear, during the tariff rule change process, that residuals do not need to be recovered solely from fixed charges.
 - We do not consider that new connections should be able to opt out to near-flat tariffs, as this reduces the pace of tariff reform and the ability of networks to eliminate cross subsidies.
4. We also support use of load control tariffs to shift hot water loads to the middle of the day, although it would have been good to have some data around the potential impact of this move on the solar trough.
5. The impact analysis for the new demand and capacity tariffs shows that almost all consumers, including solar households, will be better off in 2020. We understand this will change in future years, though, and we expect that the majority of solar households will be worse off, given their mostly peaky load profiles. This is not necessarily unfair, but it is extremely unfortunate that this modelling is still unavailable so late in the process—especially given that Energex has a household PV penetration of around 30 per cent. We would be interested in understanding how EQ intends to explain this reform to solar households—eg, whether it intends to explain the virtues of load shifting to customers, or whether it will leave this job to retailers, who will be tempted to blame EQ for higher bills.
6. Finally, EQ faces similar challenges to South Australia in respect of the daytime solar trough; yet unlike SAPN there is no long-term strategy for managing this problem (and other emerging issues such as VPP and EV charging orchestration). Potentially charging solar owners to export to the grid is a highly

contentious and lazy solution which should only be contemplated (a) when the raft of other potential cheaper, easier and perhaps fairer solutions (such as volt-var and transformer tap changes) have been exhausted, and (b) in concert with the complementary potential for DER owners to be paid for network support (eg for evening battery discharge in constrained areas). We strongly encourage EQ to take a more proactive, strategic approach to the energy transition.

Yours sincerely,



Jeff Angel
Executive Director