



Voltadvisorygroup
Lvl 7 757 Ann Street FOR UDE VALLEY QLD 4006

Volt Advisory Group Pty Ltd
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Australia

3 March 2023

Attention: Ms Mila Sudarsono
Director
Australian Energy Regulator
23 Marcus Clarke St
CANBERRA Act 2601
Email: AERexemptions@aer.gov.au

Your ref: AER22006586

Dear Ms Sudarsono

**National Energy Retail Law (NERL) – Section 110 – Individual Exemption Application –
Daintree Community electricity supply (Daintree Renewable Microgrid)**

Thank you for your letter dated 20 February 2023. Our responses to the specific questions you raised are below.

Request for further information

1. Connection to the microgrid

- a. Will all customers who opt-in be guaranteed connection to the Daintree Renewable Microgrid (DRM) (assuming their estimated usage would not be enough to compromise the stability of the microgrid)?*

Yes. All customers who opt-in will be guaranteed connection subject to their usage being within the serviceable capacity limits of the DRM and that their site complies with all relevant regulations (e.g. safety and environmental requirements).

- b. Will Volt require its customers to maintain a back-up source of energy supply (for example, a diesel generator), in the event the DRM failed to maintain continuity of supply? We understand that existing residents have their own means to generate electricity but we require assurance that Volt will take steps to ensure new customers would not be solely reliant on the DRM in the event it could no longer supply them electricity.*



We will not require new customers to obtain diesel generation as a back-up source of energy supply. The system has been designed as a high reliability system with underground cable network. The project system plans allow for N+1 reliability with backup capacity. "N+1" means that the system (at central generation site) shall be capable of experiencing outage of its generation system without causing losses in electricity supply.

We consider that requiring new customers to obtain diesel generation would impose a cost obligation upon new customers and would be inconsistent with the approach taken to electricity supply in other regional parts of Queensland (where customers do not have a choice of electricity supplier). However, should new residents wish to do so, this option would be available for them.

- c. *We note Volt may require its customers to provide a security deposit. Can you please confirm if this security deposit would be a one-off payment at the beginning of the customer's agreement with Volt, or would you require your customers to pay ongoing deposits (for example, annually)?*

We will only require customers to make a one-off payment at the start of their contract with us.

- d. *Who will be responsible for connection charges to connect customers to the DRM?*

Customers will be responsible for the fees associated with connecting to the DRM.

- e. *Please describe the proposed process for customers who are connected to the DRM, but later elect to leave. Specifically, who will be responsible for disconnecting the customer from the DRM and who will be responsible for the costs? Will DRM charge the relevant customer any disconnection fees?*

Customers who wish to disconnect from the DRM will undergo a similar process to those disconnecting from the electricity network in regional Queensland. Customers will contact us or one of our agents to be disconnected. We will then charge a cost-reflective fee for disconnection. This fee will be published on our website.

2. Pricing

- a. *How does Volt propose to recoup the costs associated with establishing the microgrid whilst maintaining reasonable electricity tariffs comparable to those provided in the NEM?*

Pricing within the DRM will be underpinned by the principles of equity, reliability, affordability, and sustainability. [REDACTED]



[REDACTED]

There is no local area retailer for the Daintree community and the notified price (standing offer price) established by the Queensland Competition Authority does not apply to supply and sale arrangements in this area. Given the small scale of the energy generation community, the level of required investment to support microgrid establishment, and in the absence of subsidies, it is difficult for us to mirror the notified price's retail price or tariff structures.

It is also noted that most customers will have diesel generation in place, and so customers can decide if prices are satisfactory to them or instead rely on their existing diesel generation.

- b. Are the proposed energy supply charges dependent on a specific number of individuals electing to join the microgrid? If fewer than the estimated number of individuals were to opt into the DRM, would the prices for connection and supply for those customers increase?*

We have undertaken customer engagement and modelling to estimate the number of customers who are anticipated to connect and the associated energy supply charges. In our modelling, we have allowed for some variability in the number of customers who may connect. Our modelling has been informed by expressions of interest from a number of customers. Should the prices need to change over time, pricing will be underpinned by the principles of equity, reliability, affordability and sustainability and there will be transparent communications to customers [REDACTED]

- c. With reference to the statements on pages 3 and 4 of the application cover letter, please provide further information about Volt's proposed process for price setting, including comparison to the regulated retail electricity prices for regional Queensland.*

See answer to question (a) above.

- d. The sample electricity bill references solar exports, solar production and a feed in tariff. Will customers connected to the grid be given the opportunity to feed solar into the microgrid to receive a feed-in tariff?*

We have removed the reference to feed-in tariffs in the sample electricity bill. This is to ensure simplicity and transparency in billing. We expect to consider feed-in tariffs in the future.



e. *The sample electricity bill also suggests that the customer may save money on an alternative plan. Please provide details about the alternative plan offerings that will be available to customers.*

We have removed the reference to alternative plan offerings in the sample electricity bill. This is to ensure simplicity and transparency in billing.

We have also attached amended:

- Dispute resolution policy – amended to specify that the Energy and Water Ombudsman Queensland (EWOQ) only applies to residential customers.
- Sample bill – amended to remove:
 - the reference to the National Metering Identifier and instead using the term Daintree Renewable Microgrid Metering Identifier
 - alternative plan offerings
 - solar feed-in tariffs.

Claim of confidentiality

We seek to claim confidentiality over limited aspects of this letter. The table below provides reasons detailing how and why disclosure of the information for which confidentiality is claimed would cause detriment.

Information for which confidentiality is claimed has been highlighted in 'yellow'. We submit that the need for confidentiality outweighs any additional public benefit of disclosure and would be happy to provide additional detail to the AER if needed.

References	Reason for confidentiality claim	Potential harm of disclosure
Pricing arrangements	Pricing arrangements re the subject of a market process and negotiation.	Disclosure of information may prejudice our commercial position or or third parties or compromise negotiations. Such disclosure may ultimately harm customers through delays to or price increases in the DRM.



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Please feel free to contact me at [REDACTED] or [REDACTED] with any further questions.

Phil Keogan
Director
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