

MORE SUN FOR EVERYONE

Total Environment Centre and Australian Council of Social Service (ACOSS)
Distributed energy resources rule change request

Important: This rule change does not force solar owners to pay to export to the grid (in fact it creates opportunities for them to export more to the grid)

The need

Consumer DER such as rooftop solar, batteries, electric vehicles and demand response are a key part of the future energy system. They can help accelerate the decarbonisation of the grid, improve grid reliability and make energy more affordable for everyone. The rapid uptake of DER means we are moving towards a two-way electricity grid in which many people and businesses consume, generate, export and trade energy.

Rooftop PV uptake in Australia is world-leading (9GW), but much more is coming (up to 60GW by 2050). DER are likely to have a significant impact on the grid in coming years. The national electricity rules were designed two decades ago for the one way supply of electricity from large remote generators to millions of passive consumers.

The shift to a two way, high DER system means that the rules need to be reformed to allow clean energy like rooftop solar to be used for the full benefit of consumers. Reform is needed not only to fairly recover any costs associated with DER integration, but also to encourage efficiently network investment and to reward prosumers for the benefits of exports. Without these reforms,

- More prosumers will be export limited or subject to zero exports, leading to inefficient investment in DER and reducing the amount of zero emissions energy supplied to the grid.
- The inequities between early and late adopters of rooftop solar will become exacerbated.
- Other consumers will bear the increasing costs of managing DER integration if costs exceed the benefits to all.
- The benefits of DER exports will not be properly recognised in network planning and investments.

The objective

To create a regulatory regime that efficiently and equitably optimises the expanding role of DER exports to support a rapid, fair and affordable transition to a zero net carbon energy system.

The rule change in short

More Sun for Everyone creates obligations and incentives for networks to optimise existing, or invest in additional, DER hosting capacity, improves access to the grid for DER exports, and allocates costs more fairly when they outweigh the benefits to all consumers.

The fine print

1. **Introduce a requirement for networks to prepare a comprehensive 5 yearly DER integration strategy.** It would outline current and projected DER uptake, network challenges and opportunities and proposed investments and other actions over the coming five years and beyond.
2. **Encourage networks to make the best use of existing infrastructure to maximise DER exports.** Introduce a new obligation to require networks to optimise existing hosting capacity as a network operation solution.
3. **Encourage networks to invest in additional DER hosting capacity where this benefits all consumers.** Introduce a net market benefit criterion explicitly relating to the role of DER as a guiding principle of network planning and investment.
4. **Allow prosumers subject to export constraints to put more of their surplus energy back into the grid.** Amend the existing prohibition on network charges for DER exports to give prosumers the option of purchasing additional access or capacity.
5. **Require networks to offer prosumers a basic level of DER exports** i.e. they can no longer impose zero exports.
6. **Allocate hosting capacity fairly.** Introduce a new pricing principle to guide the allocation of existing and planned export capacity between prosumers to provide a better balance for fairness and equity.

The process

More Sun for Everyone is the outcome of an extensive stakeholder engagement process. It one of three rule change requests relating to DER exports that the AEMC will consider over the next six months or so. There will be opportunities for everyone to input into before the AEMC issues its final determination early in 2021. It is likely to be implemented in the next round of revenue determinations in 2024 and 2025.

TEC and ACOSS are flagging the likely need for a second rule change process to introduce full two way import-export pricing. This would complement the existing regulatory framework for cost reflective consumption tariffs. It would be required in order to introduce local use of system tariffs, which would result in lower network charges for energy generated close to where it is consumed.

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