

Submission in Response to ERA Public Consultation

Retail licence exemptions for Solar Power Purchase Agreement Providers

Standing

Community Electricity is:

- a. a licenced Electricity Retailer and a provider of Electricity Retail Services and Market Consultancy;
- b. a member of the Independent Market Operator's Market Advisory Committee;
- c. a member of the Economic Regulation Authority's Technical Rules Committee.

Further information is available at: www.communityelectricity.net.au

Submission

Questions

Do you have any comments to make on the three draft recommendations?

- The Public Utilities Office is keen to gauge a clearer understanding of the quantified costs for business of any changes in regulation. In particular, do you have any comments on the possible costs involved with complying with the product disclosure statement, or the registration and reporting requirements?

Community supports the ERA's recommendation that a broad class exemption be developed instead of requiring every participant to seek a bespoke exemption. We agree that this will enhance business efficiency and reduce the costs and burden of regulatory compliance.

We support the intent of the Product Disclosure Statement and the periodic reporting.

We suggest that:

- i) In general, PV facilities should be permitted to export surplus energy to the network conditional on compliance with the network operator's technical requirements. The alternative is to make unnecessary investment to specifically "destroy" environmentally friendly energy. [Note: this is not the same thing as requiring somebody (the primary Retailer) to consent to the installation of the PV or pay for the energy, but that conversation should be permitted to take place without regulatory penalty.]
- ii) The scope of the business model that is being exempted should be well defined as scope-creep is likely to occur as participants push the limits of the model.

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It's not just business; it's personal ☺

- iii) The ERA should reserve the power to exclude a specific company from a class exemption on the grounds of non-compliance with the terms of the exemption.
- iv) The Product Disclosure Statement should emphasise that, as matters currently stand:
 - a) End-users must comply with the network requirements associated with installation and operation of a solar PV facility;
 - b) end-users require the consent of their primary Retailer before installing a solar PV facility;
 - c) the solar PV facility might impact adversely on the economics of the end-users primary electricity supply. For example, if it is subject to a minimum offtake obligation;
 - d) the output of solar PV systems is seasonal, being relatively low in winter;
 - e) unless negotiated to the contrary, the primary Retailer is not obligated to pay for any surplus energy “spilled” to the network;

Do you have any additional comments on exemptions for SPPA providers?

We suggest that:

- 1) The interaction of the solar PV facility with the primary retail arrangement should be fully considered. For example, a PV system will usually immediately reduce variable (energy) costs but not impact on the fixed charges for up to 18 months; the liability for this should be understood at the outset;
- 2) Precautions should be taken to ensure that the solar PV exemption is not permitted to creep into the traditional licensed retail function in the absence of suitable regulation.

Contact

For further information or comment, please contact:

Dr Steve Gould

steve@communityelectricity.net.au

0408 005 321