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ENERGY POLICY WA DISCUSSION PAPER ON LOW-LOAD RESPONSES – DISTRIBUTED PHOTOVOLTAIC GENERATION MANAGEMENT

Energy Consumers Australia welcomes the opportunity to respond to the Western Australian Government's discussion paper on Low Load Responses – Distributed Photovoltaic (DPV) Generation Management. The paper seeks feedback on proposed measures to manage DPV to ensure stability in light of imminent security concerns for the electricity system.

Energy Consumers Australia is the national voice for residential and small business energy consumers. Established by the former Council of Australian Governments Energy Council in January 2015, our objective is to promote the long-term interests of energy consumers with respect to price, quality, reliability, safety and security of supply.

We appreciate that the rapid uptake of rooftop solar PV by households and small businesses is presenting a challenge to the system operations and recognise the urgent need for mechanisms to assist with issues around minimum load and facilitate the further expansion of solar PV. This week we saw Western Australia reach a new minimum demand record, down from the previous record set only two weeks earlier. With solar PV contributing 63.1% of total generation, it is clear that this is a problem in need of urgent solutions.

We understand that the Australian Energy Market Operator (AEMO) has identified there is a clear risk of supply interruptions to consumers (including non-solar consumers) in the absence of any mitigating action and it is in this context that we support the proposed DPV management approach to manage this risk in the short term. We also note the Discussion Paper states this will be used as a last resort mechanism to maintain supply and will therefore be used only on rare occasions.

Any potential solution, however, must be designed in consumers' best interests with measures taken to ensure a social licence is gained and maintained. For this reason, we are pleased to see the DER Roadmap considering market-driven incentives for turning down output from DPV. We consider this provides a more preferable solution in the longer term, providing consumers with greater choice and helping to build trust in the sector.

We would also encourage the WA Government to look beyond curtailment and congestion measures to actively supporting the shifting of loads to during the day. Heating of hot water in homes and charging electric vehicles during the day, when electricity is abundant and cheap, could be the new normal for off-peak. Shifting the use of air-conditioning in the evening, will require policies that support storage for those households who have solar installed and retrofitting all housing (including for those renting an in apartments) which on average have energy efficiency star rating of 1.7. Together these policies will have the effect of limiting curtailment or congestion pricing to when there is a potential short-term imbalance in system supply and demand, due to changing conditions such as weather.



Increased Distributed Energy Resources (DER) are creating new opportunities for all consumers

Australia's energy system is currently undergoing two major transitions. The first transition sees a shift from fossil fuels to the clean, renewable alternatives abundant in Australia. The second transition, inextricably connected to the first, affects consumers directly and involves the decentralisation of the energy system. The traditional poles and wires approach to energy distribution is being transformed as we see record rates of Distributed Energy Resources (DER) uptake.

In our inaugural Energy Consumer Behaviour Survey released in October, we asked respondents about their intentions to purchase (DER). 24% of respondents in WA revealed they either intended to purchase solar PV in the next 12 months or were considering it in the future. Consumers are at the forefront of the energy transition with Australia leading the world in its rates of solar PV installation and these results prove that they will continue to be so.

A grid which can withhold the increased solar uptake predicted for the near future will see further opportunities for consumers to become active prosumers within the energy system and increase affordability for all as cheap, renewable energy grows.

Controlling DER requires a social licence with consumers

Managing the flow of residential solar to the grid ultimately means controlling consumer-owned assets. Any successful project which requires control of DER or imparts a private cost on DER owners/lessees must establish a social licence with consumers.

When a social licence is not established, DER control programs are more likely to be unsuccessful in reaching their full potential benefits. Consumers are less likely to remain engaged or comply with mandatory programs or they may opt-out of voluntary programs. As DPV management is both mandatory for consumers and inflicts a private cost with no compensation, it is suggested that a high degree of effort is necessary in achieving social licence.

We are pleased that DPV management is a last-resort option and stress that it remains so. Reassuring consumers that their systems will be curtailed or turned off only in emergency situations demonstrates Energy Policy WA's intention to establish a social licence. Further, the possibility for future market-driven incentives to control DER offers an opportunity to limit the difficulty associated with a mandatory program. Such solutions have the potential to increase consumer choice and trust in DPV management, reducing the effort and cost involved in maintaining social licence.

Consumer distrust and fears for the future need to be addressed in consumer engagement

In our most recent Energy Consumer Sentiment Survey (ECSS) released in June, 46% of respondents nationally were positive that the energy industry and regulators are working in their best interests, a jump of 10% since our last ECSS. It is pleasing to see an increase in confidence and signals that current efforts by the industry to place consumers front and centre and build social licence are being acknowledged. However, with the majority either neutral or negative it signals that there remains a need to further develop strategies for working with consumers and ensuring their interests are prioritised.



Furthermore, respondents are not hearing a consistent message about what the energy transition will look like for them. In our June ECSS we asked respondents about their concerns for the future. 69% were very or fairly concerned that the energy system will fail to keep up with the changing way we use energy. The majority of respondents were also very or fairly concerned about future affordability and the potential for future outages. These results signal that current conversations around a transitioning energy system are failing to reassure consumers that their needs will be met adequately in future years. Consumers are aware that changes are underway but are not hearing a clear message around how this will impact them and who is looking out for them.

This lack of trust in the energy industry coupled with consumer fears about the future will need to be front of mind for the WA Government in its approach to consumer engagement strategies. Consumers should be receiving information about DPV management as early as possible in the process. They must be equipped with the facts around what DPV management is, how it will affect them personally, any potential cost to them and what it may look like in the future. Ensuring customers are fully-informed on their options before installation will avoid any potential for them to feel deceived and increase overall trust in the industry.

In the National Electricity Market, AEMO recently announced a new market notification framework to advise the market when the power system security is under stress and there is risk of solar PV curtailment. This is an important first step in looking to provide greater transparency to the market and consumers. In announcing the new notice framework, AEMO also produced a consumer factsheet specifically aimed at helping consumers understand the process.

Installers are a valuable point of call but must be trained and knowledgeable

In 2016 we conducted [research](#) into customer experiences of solar PV. The research tracked customer experiences and attitudes at all stages of the process including pre-sale, installation and connection to grid. It found that customers rely on solar installers to obtain information prior to installation. Overall, customers had relatively positive experiences of the installation process however a third of customers wished they had more information before installation. The importance of installers has been emphasised more recently in ARENA's *DER: Customer Insights: The Customer Journey* which identified "super installers" as vital to the installation process.

Energy Policy WA has also identified installers as playing a crucial role in providing customers with information around the appropriate DPV Management solution. Additionally, they will be responsible for informing new customers of the deadlines around the new requirements. Relying on installers to deliver this kind of information does not come without its challenges. Anecdotal evidence suggests there already exists a distrust of installers with a number of customers reporting issues that have come up after the installation process.

Their role will be fundamental to enabling social licence as trust will only be gained if customers are receiving the correct and appropriate information from their installers. In order to do this, installers must be trained, knowledgeable and understand customers. Energy Policy WA will need to provide additional support to installers responsible for informing customers of the changes.

Overall we see the development of DPV management programs as important to ensuring the continued growth of DER in Western Australia. We believe that Energy Policy WA is making positive steps towards achieving a social licence to control DER and look forward to further investigation into how market-driven incentives may play a role. The success of the program will depend on the ability of Energy Policy WA to keep consumers informed and central to the project.



If you have any questions about our comments in this submission, or require further detail, please contact Alice Gordon by email, alice.g@energyconsumersaustralia.com.au.

Yours sincerely,

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Energy Consumers Australia