

IESO Engagement

From: Don Cameron
Sent: March 18, 2022 3:19 AM
To: IESO Engagement
Subject: feedback for IESO Pathways to Decarbonization

Hello,

I received your notification emails to say that my March 16 submission and my March 17 addendum were received and will be posted. Thank you.

I am continuing my research into SA Power Networks. Today I found a Media Release dated July 16, 2020 whose title is "Rule proposal aimed at supporting more solar". The article's address is <https://www.sapowernetworks.com.au/data/308056/rule-proposal-aimed-at-supporting-more-solar/>

I think that the points SA Power Networks makes in this article speaks to the situation that Hydro One and other LDCs in the Ontario electricity system find themselves in.

I am very interested in knowing whether you would agree.

Speaking as a customer of Hydro One and spilling the beans a bit, I would be pleased to pay Hydro One for transporting my excess solar generation to other customers in the electricity system in return for my fair share of the revenue generated by other customers paying for my power. I see that as the nub of what you are about to read.

In this article, SA Power Networks (SAPN) says that its role in the national electricity has changed. "Distribution networks now provide two distinct services to customers: the traditional supply of energy to customers' homes and businesses, and the transport of energy generated by customers' DER upstream to other customers or the market."

Then SAPN describes the problems that it is encountering fulfilling this second role:

"Distribution networks designed to support consumption services have a finite capacity to also deliver export services. While customers' take-up of DER was relatively low, networks could accommodate additional DER at near zero marginal cost. However, the inherent DER 'hosting capacity' of networks is being rapidly approached at local and system-wide levels in many NEM regions. This has implications for the security and quality of supply as well as network costs.

As capacity is reached, either DER customers will no longer be able to connect, or have their export capacity severely limited, or networks will need to invest more to maintain service levels."

SAPN proposes changes in the regulatory regime so that its role in providing this second function be explicitly acknowledged and compensated in a revenue neutral way.

"Key points – Access and pricing

- The core issue here is our continued desire to support the growth of solar; ensure customers investing in solar can access the network and its services; and ensure we have an appropriate pricing mechanism for those utilising the services provided.
- As we near the intrinsic hosting capacity of networks, and new investment will be required to continue to support customers' investment in Distributed Energy Resources (DER), it is important that we consider the basis on which networks should invest to support increasing solar PV uptake, and who should pay for this investment
- We think in resolving the issue of access we also need to resolve once and for all the issue of pricing – specifically whether there should be a charge for people utilising the network to export energy (whether from panels, batteries or even EVs).
- If approved, we would expect to see a very modest increase in network charges for NEW solar and other DER customers initially. This would be offset by reductions in consumption charges and potentially rewards for exporting energy at certain times – for example by discharging energy stored in batteries at times of peak demand.
- This proposal will not change our revenue – it is about how we recover Regulator approved revenue from customers through our annual tariffs
- We believe continued customer DER take-up can be supported efficiently with minimal changes to national electricity rules by simply giving 'export services' the same status in the rules as 'consumption services'
- On this basis, networks would have an obligation to meet demand for export services, consistent with customers' willingness to pay, in exactly the same way as we are obliged to meet demand for consumption.
- All existing frameworks, incentive mechanisms and regulatory controls over networks' spending would continue to apply, although some will require refinement. We would also be able to charge for export services, under the same pricing principles that we use for consumption services.
- By exploiting this symmetry, very few changes in the rules would be required."

Regards

Don Cameron

