

Economic approach to charging for DER

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Approach to Augmentation

- ▶ AusNet Services will look to deploy intelligent network management to maximise the amount of export that can be achieved within any network constraints.

- ▶ Under the Rules AusNet Services can only augment its network where it is economically efficient to do so. This means that:
 - AusNet Services can augment its network to accommodate additional solar export where the additional generation value outweighs the cost.
 - Where the cost of augmentation exceeds the additional value from solar export, AusNet Services will not augment its network. Customers will need to be connected without the ability to export back into the grid, or with dynamic controls on their system.
 - A customer can choose to pay and remove a specific constraint to allow export if they wish.

Approach to charging

AusNet Services is considering consulting on two approaches to recovering the cost of augmenting the network to handle additional DER.

1. **Status Quo** – All customers fund the efficient augmentation costs through network charges. An allowance to cover the necessary expenditure is sought through the EDPR process.
 - › There will be export limits where it is not economic to augment the network, but dynamic management can be used to maximise the export.
2. **Additional connection charge for new connecting DER** – Customers connecting new DER (where there is no constraint, or in areas where it is economically efficient to upgrade the network) would be charged a fee to cover the marginal cost of augmenting (based on their system size) to allow additional DER to export.
 - › Charges could be lower for customers, if they agree that AusNet Services has dynamic control of their systems.
 - › We anticipate a charge of several hundred dollars for an average sized system.
 - › Customers who are in areas where augmentation is not economic will be export limited and not charged for augmenting the network.

Approach to charging

- ▶ The second option will require agreement from the AER and so we consider public consultation important to either build the case for this approach, or to rule it out as an option. Does the Forum support us consulting on this approach?