



Tasmanian Renewable Energy Alliance

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TREA response to TasNetworks Consultation Paper on Directions and Priorities 8 September 2017

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TREA welcomes the opportunity to comment on the [Directions and Priorities Consultation Paper](#) for the 2019-24 Transmission and Distribution Determination. We have organised our response under the questions posed in the Consultation Paper and only included those questions on which we have comments to make.

Q3. Do you share our 2025 outlook for TasNetworks? If not, how should it be amended and why?

TREA strongly supports the ENA/CSIRO Network Transformation Roadmap as the basis for planning the future strategy for the electricity system. The national roadmap recognises and provides useful mapping of the implications of the trends underway for greater customer involvement and the increased role of distributed energy resources (DER). The Roadmap also maps out a cost effective path to net zero greenhouse gas emissions from the electricity sector by 2050 which we believe is a minimum requirement in meeting the challenges of climate change and our national commitments under the Paris agreement. Tasmania is clearly in a position to meet a 100% renewable electricity sector far earlier than 2050, but some of the other changes mapped in the national Roadmap will prove challenging for Tasmania and significant progress needs to be made in the period of the 2019-24 determination period.

We welcome the fact that TasNetworks has used the national Roadmap as the basis for the TasNetworks Transformation Roadmap 2025.

The summary on p.7 of the TasNetworks Roadmap proposes that some very major changes in the nature of the grid will be in place by 2027. More work is required to test how these changes will be reflected in the Tasmanian context. For example:

National roadmap 2027	Tasmanian implications
Average network bills 10% lower than 2016	Is this consistent with TasNetworks predictions of in the Directions and Priorities plan to 2024?
Networks pay over \$1.1bn for DER services.	Are pro-rata payments to Tasmanian consumers plausible? What services would be paid for? (eg network support, FCAS, demand response) How are these payments reflected in the financial projections in the Directions and Priorities to 2024?

Implications of assumptions in the TasNetworks Roadmap

The Roadmap projects an increase to 40,000 Tasmanian customers with DER by 2025.

- What are the implications for network operation (eg power factor and voltage impacts)?
- Does TasNetworks propose to provide restrictions or incentives to discourage or encourage the installation of DER in particular localities to benefit the network or is it assumed that the location will be left to customer decision making?

The Roadmap projects 33 MW of distributed storage by 2025.

- What incentives, if any, will TasNetworks provide to owner of this storage to provide services to the network?

The Roadmap projects 5-17,000 electric vehicles in Tasmania by 2025.

- What impact will these vehicles have on the network?
- Does TasNetworks propose to introduce tariff or other arrangements to encourage charging in ways which minimise negative impacts on the network?
- What positive benefits could these vehicles provide to the network?
- What tariff or network support arrangements would be necessary to encourage EV owners to provide services to the network?

In summary we support the overall direction of the TasNetworks 2025 Roadmap but believe the implications of this Roadmap are not sufficiently reflected in the Directions and Priorities to 2024.

Q4. Do you agree with our directions and priorities for 2019-24? If not, how should they be amended, why?

1. ensuring the safety of our customers, employees, contractors and the community;

TREA totally supports this as a top priority.

2. keeping the power on, maintaining service reliability, network resilience and system security;

TREA agree with the need for targeted areas of improvement. Innovative solutions such as mini-grids can assist with maintaining reliability in edge of grid situations and reduce the cost of maintaining service reliability.

3. delivering services for the lowest sustainable cost;

While costs for existing services are clearly of major importance to customers, what needs to be maximised is value to customers. As customers make increasing investments in DER they will be looking for what value the network can provide to them. Customers investing in DER may well see benefit in paying more for access to the network if it provides additional value to them, for example enabling them to participate in local energy trading or being paid for providing network support services.

4. innovating in a changing world to meet customers' changing expectations;

We support the aim to "provide improved customer information". This can take many forms for example providing timely information about locations in which potential network constraints may either limit the ability to install DER or may provide an opportunity for DER to add value to the network. Access to real time information about network status and energy consumption will be increasingly important to customers as they take a more active role in managing their energy generation, storage and consumption.

5. Continuing to communicate effectively with, and listen to our customers.

Customer communications mechanisms will need to adapt in a future world in which there is increasing differentiation in the customer base. Some customers will be relatively uninterested in the changes taking place in the energy system and simply want a reliable service at an affordable price. Other customer segments will become increasingly knowledgeable and engaged with the electricity system, to

actively manage their consumption and costs, or to become prosumers providing services to the network as well as meeting their own energy needs.

Q5. Do you have any feedback on our preliminary forecast capital and operating expenditure for transmission and distribution?

Figure 9 shows significant 'development' expenditure on transmission in 2020/21 and 2021/22 which drive transmission capex higher than it has been since 2013/14. It would be helpful to have more detail on what this expenditure is for.

Some of the transmission contingent capital expenditure items would have a very major impact on prices if implemented, in particular the potential contribution cost of \$458m to a second interconnector. Early customer engagement in the decision making about these potential investments will be important to ensure that the benefits of these investments are commensurate with the cost incurred by consumers.

Q6. What information would you like to better understand in our preliminary forecast capital and operating expenditure for transmission and distribution?

In relation to distribution capex it would be useful to have more detailed information on the nature and magnitude of expenditure necessary to support growth in embedded generation, the support for two-way flows and the support of new services such as network payments for use of DER.

Q10. What information would you like to better understand in our tariff reform plan?

Effective transition to the increased role of EVs and DERs will require innovative new tariff structures to support local energy trading, network support payments and optimal integration of EVs into the grid.

Is it proposed that TasNetworks will introduce new tariff types in the 2019-24 period?

Q11. Do you support our approach to tariff reform?

As stated in previous submissions, TREA is supportive of the introduction of demand based tariffs on an opt-in basis for residential and small business customers.

We are concerned that increases in fixed charges and reduction in variable charges will discourage energy efficiency.

We do not believe sufficient investigation and analysis has been undertaken on the social impact of closing the gap between the TAS31 and TAS41 network tariffs.

We believe active consultation and trials are necessary to identify the appropriate new tariffs to support greater integration of DER into the network. Meeting the scenarios for the role of DER by 2027 in the national Roadmap will require new tariffs to be designed, trialled and widely implemented before the end of the 2019-24 determination period.