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Energy Consumers Australia submission to Australian Energy Regulator's DRAFT Interim Guidance Note on Flexible Exports

Dear Mark,

Energy Consumers Australia appreciates the opportunity to provide comment on the Australian Energy Regulators (AER) DRAFT Interim Guidance Note on Flexible Exports. We were pleased to read the DRAFT Interim Guidance Note and we would particularly like to commend the AER for the focus on clear, accessible, and timely information for consumers on flexible export offers.

Our key recommendation is to separate Section 4.1 into two clear distinct sections in the guidance note to ensure a clear distinction is made between i) export capacity calculation and methodology and ii) export capacity allocation. This clear distinction helps communicate to DNSPs that they need to demonstrate their export hosting capacity calculation and methodology and separately how they allocate the capacity they have calculated carefully.

Our concern is that the DRAFT as written combines two distinct concepts: i) network hosting capacity calculation and ii) hosting capacity allocation under the single heading of "Capacity allocation" (Sec 4.1).

Section 4.1 focuses primarily on the allocation of network capacity. It provides some, but limited attention to how DNSPs determine the true capacity of the network in the first place. We worry about focusing on how DNSPs allocate the network's capacity over and above how they determine the network's true capacity. Said differently, determining how a pie is divided is important, but determining how big the pie is arguably more important. To use another metaphor, an "unfair" allocation of a watermelon might still lead to a better outcome for consumers than a "fair" allocation of a grape. We want to make sure DNSPs accurately determine the size of their network's hosting capacity: is it a watermelon, a grape, or an orange?

By combining these two topics into one section titled, "Capacity Allocation," the AER risks potentially confusing DNSPs by not placing appropriate focus on the capacity calculation approach. We are sure this is not the intent, but it is a risk. Separating the topics more clearly helps mitigate the risk in a way that shouldn't require too much additional work.

Transparency and consistency are important principles to apply to both capacity calculation and allocation, and we are hopeful that the Final Guidance will clearly communicate that to DNSPs.



Yours sincerely,

Brian Spak
Director, Energy System Transition
Energy Consumers Australia