

Retailer forum – 23 October 2024 – Questions, Answers and Actions

Residential tariffs

1. **Q** - Regarding the solar sponge time as one cent, is that a DUOS price or a fully bundled NUOS price?
 - **A** - It represents a NUOS price.
2. **Q** - Regarding the controlled loads, what is your opinion regarding the potential 24-hour controlled load by AusNet and staying aligned with other Victorian distributors?
 - **A**: 18 hours is the minimum amount of time the load would be on. It might be on 24 hours on one day and 18 hours on another day. There hasn't been a discussion with other Victorian distributors on this yet, but we will raise this.
3. **Q** - How will the new secondary interruptible tariff for hot water heat pumps work?
 - **A** - The interruptible tariff will provide a minimum of 18 hours of power per day with the ability to interrupt supply based on demand management needs.
4. **Q** - What orchestration opportunities will be available for retail orchestration of controlled load and interruptible tariffs?
 - **A** - The interruption would occur at the meter, but a retailer would still be free to switch off loads downstream of the meter during high-priced periods
5. **Q** - Given that we're facing issues with loads being turned off at the meter—similar to the problems we're having with solar inverters and other devices being turned off and not coming back on properly as they get smarter—should we consider controlling these through smarter methods, like adjusting an A/C set program to reduce power, rather than shutting devices off completely?
 - **A** - We are only planning on turning off hot water heating and this has not been a problem for resistive heating and we are going through a process to confirm this is not a problem for heat pump heating.
6. **Q** – Regard the CER tariff, we are concerned that people won't get into the right habits and retain them consistently because every couple of months they're swapping?
 - **A** - The CER tariff is targeted at VPPs, and retailers would control CER, so customers wouldn't need to keep track of peak and off-peak times. Additionally, peak and off-peak times don't change seasonally, only the rates change. Therefore, customers using timers won't need to change their settings seasonally.

Small Business tariffs

7. **Q** - How would you cope with a small business customer that has EVs installed under a secondary settlement point (SSP) and wants their light and power on something like a single rate or simple time of use and the EVs on a demand tariff?
 - **A**: They would need to have separate NMIs for us to do that.

Medium business tariffs

8. **Q** – When will the new medium business tariffs take effect for United Energy?
- **A** – from 1 July 2026
9. **Q** - What will happen if the AER's final determination requires changes to the draft TSS, there will not be much time for implementation of the changes. Will the distributors allow time for implementation of the reassignments?
- **A** - We do not expect the AER to make major changes in their final determination if they accepted the draft proposal. If indeed there will be changes, we will make sure there is sufficient time for retailers to implement the necessary changes in their systems.
10. **Q** - Bulk reassignments are not a problem for retailers, but timing them at 1 July and 1 January when many customers contracts renew, or they change retailers, can be problematic.
- **A** - We will also explore whether bulk changes can be moved to another time of the year.

Commercial and Industrial tariffs

11. **Q** - How will the transition to winter incentive demand charges work, and will customers be charged both summer and winter demand charges in the same year?
- **A** - Customers will not be charged winter incentive demand charges immediately following the customer incurring summer incentive demand charges. The optimal timing for switching them over would be September, where the customer will no longer incur summer incentive demand charges but will incur winter incentive demand charges starting from the following calendar year.
12. **Q** - What is the rationale behind the proposed changes to the C&I tariffs?
- **A** - The changes aim to align the threshold for C&I customers with the Victorian government demand opt-out threshold and introduce a winter incentive demand period to address current and future winter peaking on some zone substation.

Flexible connection tariffs

13. **Q** - Why are the export credits for community batteries so low? Isn't the incentive to push the exports up in peak period, to ensure energy is exported when needed?
- **A** - Many parts of the network are unconstrained, so community batteries provide no value in those areas. High credits would result in cross-subsidies from other customers.
14. **Q** – Why aren't larger batteries being rewarded for helping with minimum demand?
- **A** – Batteries less than 240 kVA are assumed to be installed in residential areas and can soak up solar locally and potentially help with local voltage management. Larger batteries can't do this but help with minimum demand through the minimum demand backstop mechanism.
15. **Q** - Why is there a capacity charge for flexible tariff rather than a peak energy charge?

- **A** - Flexible connections need to still contribute to sunk network costs as per AER requirements but will make a lower contribution due to the flexible nature of their connection. We propose to use the import capacity of the connection to appropriately scale their contribution to sunk network costs.

Flexible exports

16. **Q** - If I want a static 5 kW export limit, can I pay for the additional 3.5 kW?
- **A** - No, from 2028, new solar customers will only have the option of a 1.5 kW static limit or a flexible product with up to 10 kW export limit
17. **Q** - If I connect 10 kW flexible, what do I pay?
- **A** – There is no charge for opting for the 10 kW flexible export limit.
18. **Q** - Will the network export rate for static and flexible be the same?
- **A** - Static and flexible export limit customers are treated the same in terms of network tariffs. There will be no export charges unless the customer opts into the CER tariff.
19. **Q** - Is the reduction from 5 to 1.5 kW to incentivise customers to move to flexible tariffs, or the network does not have the capacity?
- **A** - The 1.5 kW limit represents the intrinsic hosting capacity of the network, that is, the maximum amount of capacity per new solar connection that can be accommodated by the existing network.

Tariff review

20. **Q** - Any indications on the volume of customers that are in scope for reassignment on 1 July 2025?
- **A** - Maximum will be around 5,000 per network for each of Powercor, CitiPower and United Energy.

Follow-up tasks

- **Tariff Alignment:** Discuss with other Victorian distributors the potential alignment of the interruptible tariff to ensure consistency across networks.
- **Retailer Orchestration:** Clarify the options available for retail orchestration control at the meter for controlled load and interruptible tariffs.
- **Customer Communication:** Provide a clear explanation and examples of how a change in incentive demand period will work.
- **Tariff Reassignment Timing:** Consider the possibility of staggering the reassignment dates for new tariffs to allow retailers time to build out products and communicate with customers.

- **Flexible Connection Tariffs:** Decide whether the capacity charge for small flexible connections will be based on import capacity as per the connection agreement or on a 12-month rolling maximum demand.
- **Customer Tariff Review:** Send lists of customers requiring tariff changes to each affected retailer by early 2025 to provide adequate lead time for implementation.