Submission on Consultation Paper 2A – Injection Rebates

Submitter	Alister Gardiner, [redacted]

Questions	Comments
Problem definition	
Q1. Do you agree with the problem definition above? Why, why not?	Agree and strongly support this initiative. But variable losses are a significant factor and should be included.
Proposed solution: principles-based rebates	
Q2. Do you agree with these principles? Why, why not?	Agree, provided strong audit and disciplinary measures are enforced.
Q3. Do you agree that the principles should only apply to mass-market consumers, or should they apply to larger consumers and generators also? Why, why not?	Agree. Mass market consumers have no negotiating power and have to take what they are offered. Therefore much stronger regulation to protect their rights is required.
Q4. Do you agree the principles should apply to all mass-market DG, including inflexible generation (noting that the amount of rebate provided will still be based on the benefit the DG provides)?	Agree absolutely.
Q5. Do you agree with the direction of the guidance that would likely accompany the principles? Why, why not?	Agree, except that I do not concur with point (d). Only customers that create the savings should benefit. The supply industry will ensure minimum benefit anyway, so to spread them out across the whole is unacceptable.
Q6. Are there any additional issues with the principles where guidance would be particularly helpful?	Yes. Apart from deferring investment, two other benefits from lower peak demand that lines cos should be forced to rebate are lower losses and longer asset life.
Q7. Do you agree the principles should be incorporated within the Code, rather than being voluntary principles outside the Code? Why, why not?	Yes. Why? You have to be joking. History shows that voluntary principles in the supply industry are a complete waste of time!
Q8. Do you agree with the proposed implementation timeline for this proposal? If not, please set out your preferred timeline and explain why that is preferable.	Agree.
Q9. Do you agree the proposal strikes the right balance between encouraging	Agree.

price-based flexibility and contracted flexibility? Why, why not?	
Q10. Do you agree the proposal will lead to relatively minor wealth transfers in the short term, and will lead to cost savings for all consumers in the longer term?	Agree. To encourage any level of uptake, all benefits must go to the consumer participants, including rebate of peak time network losses (networks 10%?) and asset life costs which would otherwise be incurred by use of grid power (peak time losses are 2 to 4x off peak).
Alternative option: prescribed rebates	
Q11. Do you agree that more prescriptive requirements to provide rebates will be less workable than a principles-based approach, and therefore should not be preferred? Why, why not?	I have no comment, other than that strong auditing with adequate penalties will be required to ensure compliance with the intent of the principles.
Alternative option: consumption-linked injection tariffs	
Q12. Do you agree that a consumption-linked injection tariff would not be sufficiently targeted, and therefore should not be preferred? Why, why not?	No. I think that some form of linking would be a simpler and more transparent way of ensuring compliance. It could also capture loss reduction and asset life benefits using a suitable formula.
Q13. If this approach was progressed, do you think: a) injection rebates should perfectly mirror consumption charges? b) there are sufficient safeguards in place that would allow distributors to avoid over-incentivising injection to the extent that it incurs additional network costs?	a) Not necessarily. But if you are requiring "at least one tariff to be TOU based" then the rebates for export must be consistently related to this. Otherwise there will be so much smoke and mirrors produced by the different retailers that it will be impossible to compare. Start with a simple fair principle which can be refined later. b) This is just scare mongering. Unlikely to be a problem in most areas for decades.
Regulatory statement	
Q14. Do you agree with the objective of the proposed amendment? If not, why not?	Agree.
Q15. Do you agree the benefits of the proposed amendment outweigh the costs?	Agree.
Q16. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010.	Disagree. My preferred option is to provide injection rebates linked to the distributors consumption charges, based on the differential between on peak and off peak consumption. And also to rebate reduced losses and increased asset life benefits. I disagree with the 6.25 objection to the consumption linked approach. Where is the evidence?

Proposed amendment Code drafting	
Q17. Do you have any comments on the drafting of the proposed amendment?	No. I leave this to the experts.

As a general comment, I find it hard to reconcile your analysis of the minimal beneft to a general consumer (delivering injection rebates of less than a dollar/mth) with the reality of massively increasing daily charges, which we were told are entirely based on distributor's fixed costs. These are now approaching $2/day in some cases and are supposedly due to the cost of infrastructure to deliver peak demand. In the long term, even if say a ball park 10% of capacity growth is avoided through incentivised injection by prosumers, this should represent around 20c/day savings, or $6/month across all consumers. If say 30% realise this 10% reduction, they should benefit by around $18/mth. It seems that some assumptions are way out somewhere or its just another example of the smoke and mirrors which is rife within this industry.

Lumping all line costs into a fixed daily charge is, of course, the worst possible disincentive to effcient demand response (including injection) because it simply smears the cost of capital investment (and peak time losses and asset lifetime) across all consumers, whether they use the assets mandated to them (ie a fixed installation capacity) or not. This was pointed out by many consumer organisations at the time these changes were made, but ignored by the EA and the government of the day, when the decision was stupidly made to listen to the supply industry and remove TOU costs from the consumption part of the tariff structure. Nevertheless, the high fixed daily charges we now have remain a strong barrier to efficient injection rebates that support efficient demand response. To get more efficient outcomes from general customer demand response (including injection) some of the lines co charges need to be returned to the kWh component of tariffs, where they fairly belong.

The use of V2G will have a major impact on this initiative 2A, and I anticipate that it will render any current analysis of benefits through PV insignificant and obsolete. For example, right now I have 60kWh of storage sitting in my garage that could deliver at up to 7kW rate over the full peak periods, practically every day of the year.