BUILDING A LEVEL PLAYING FIELD FOR LOCAL ENERGY

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Presentation Clean Energy Summit

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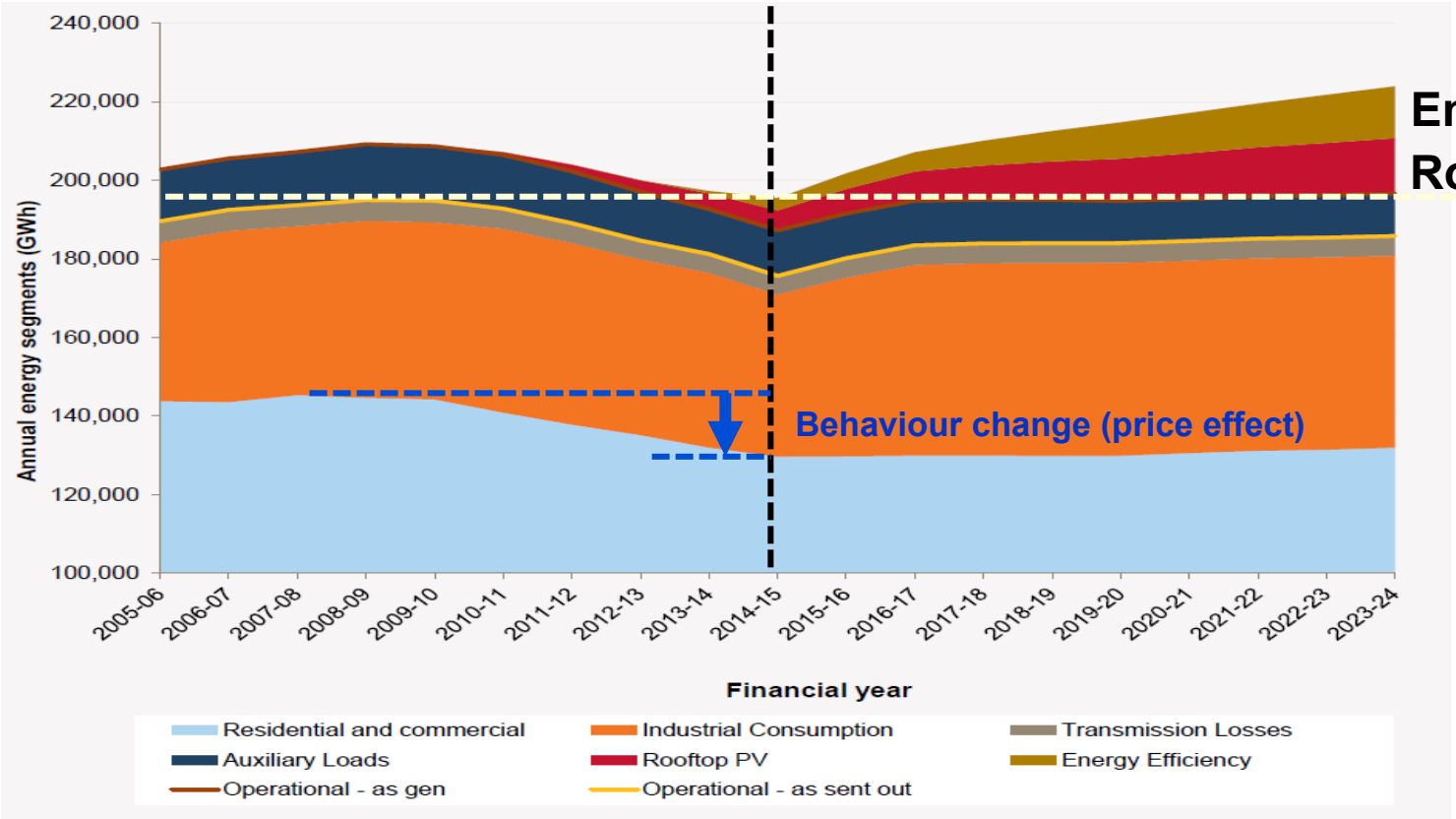
OVERVIEW

1. Context
2. Valuing local energy: the concepts
3. The project: facilitating local network charges and virtual net metering

CONTEXT

HISTORIC POINT OF TRANSFORMATION

Centralised electricity supply falling, already peaked?

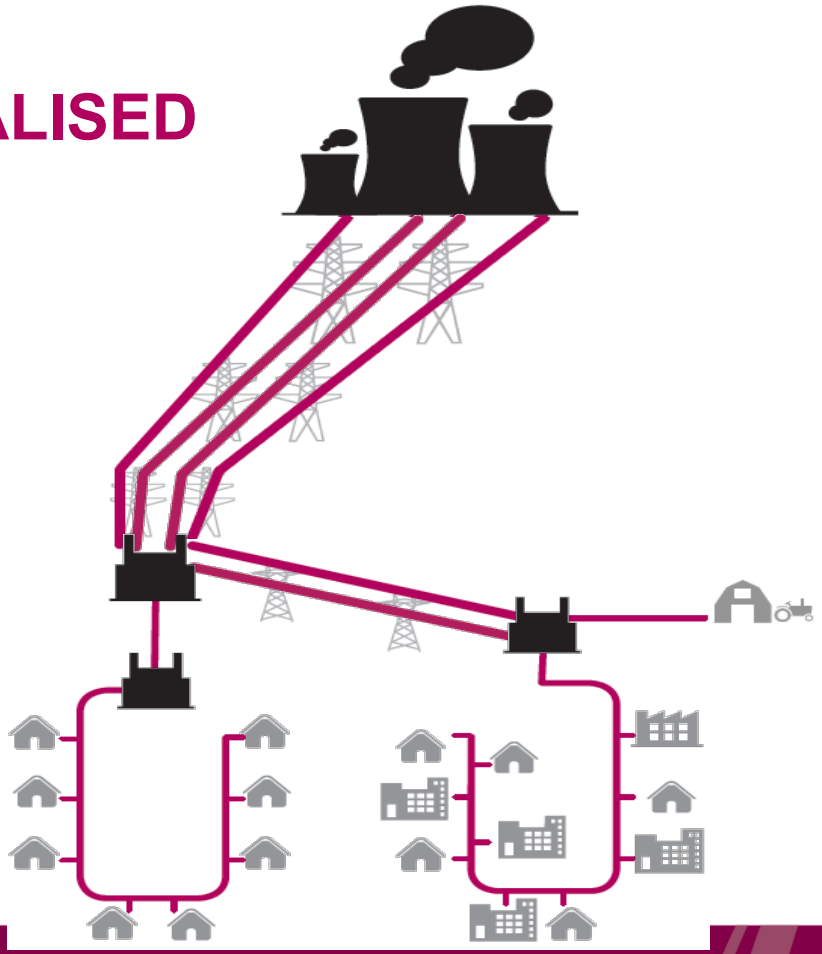


Energy efficiency

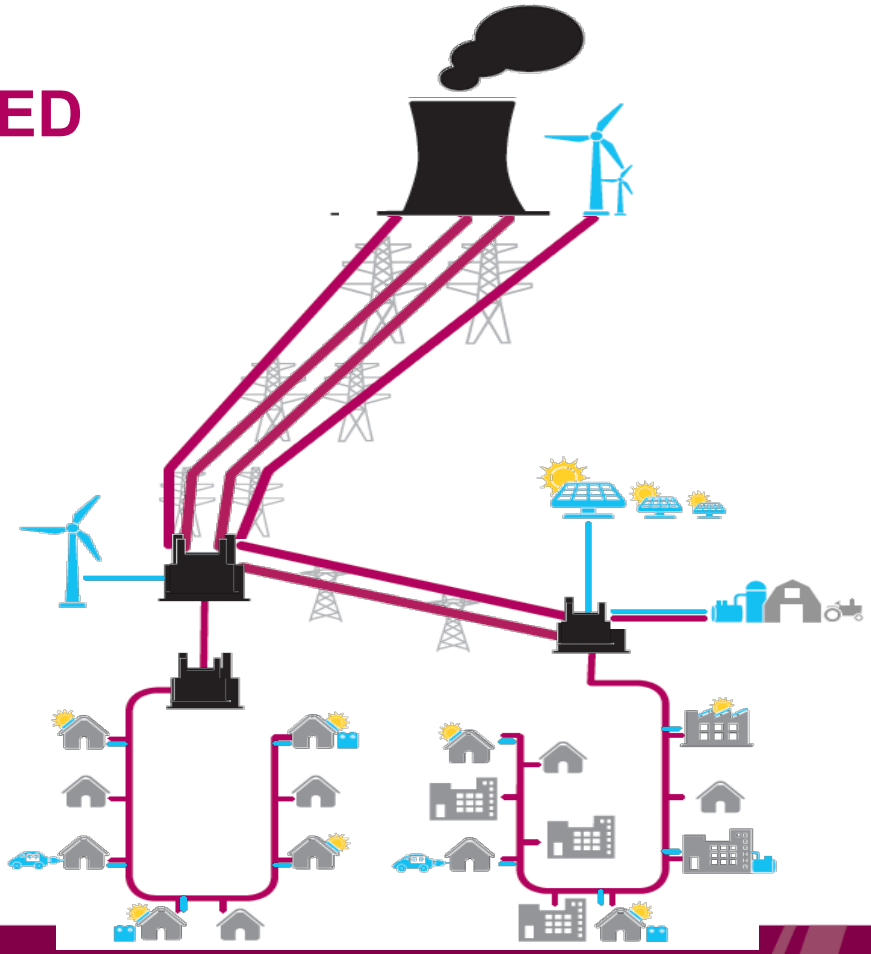
Rooftop solar PV

ANNUAL ENERGY FORECAST FOR THE NEM
(June 2014 NEFR)

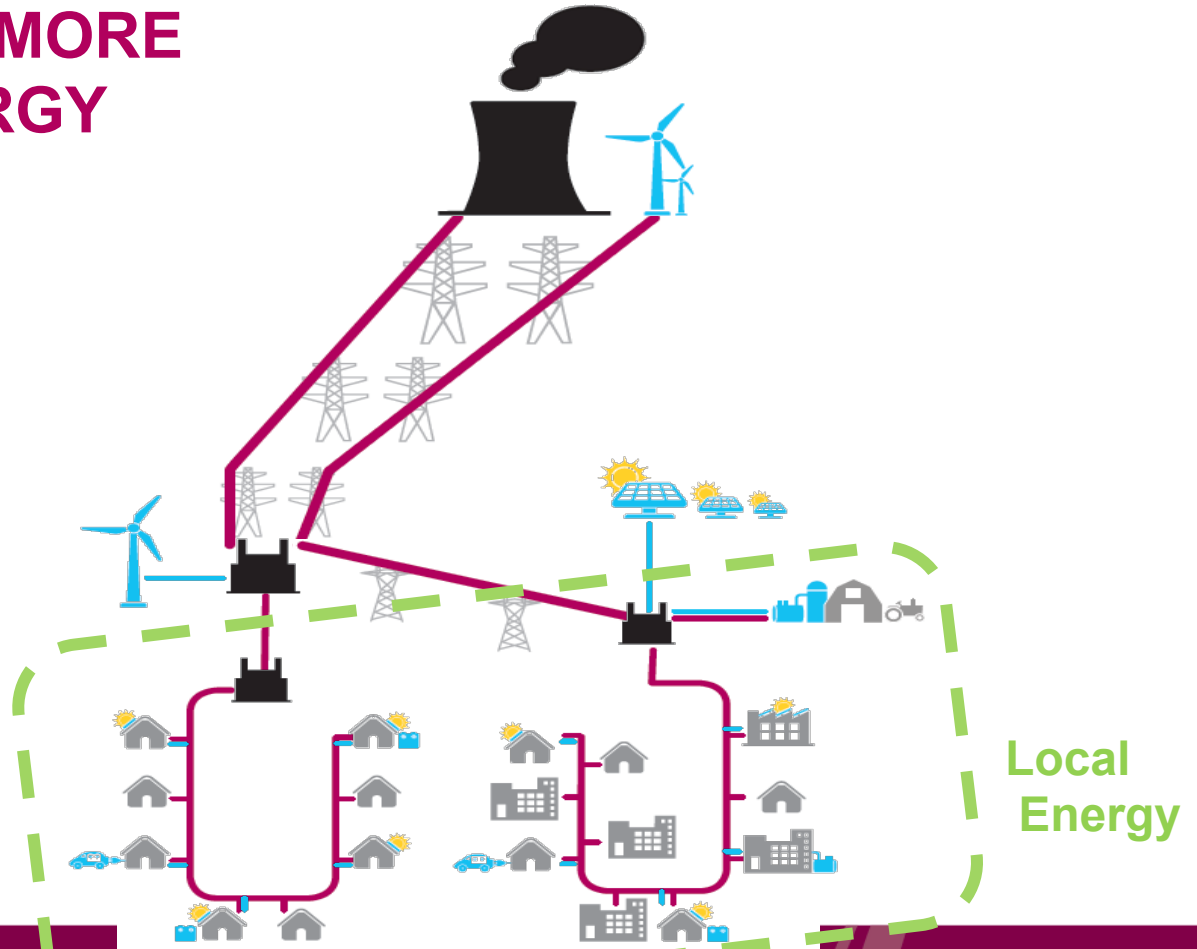
TODAY:
HIGHLY CENTRALISED NETWORK



THE FUTURE: DECENTRALISED NETWORK



…WITH FAR MORE LOCAL ENERGY



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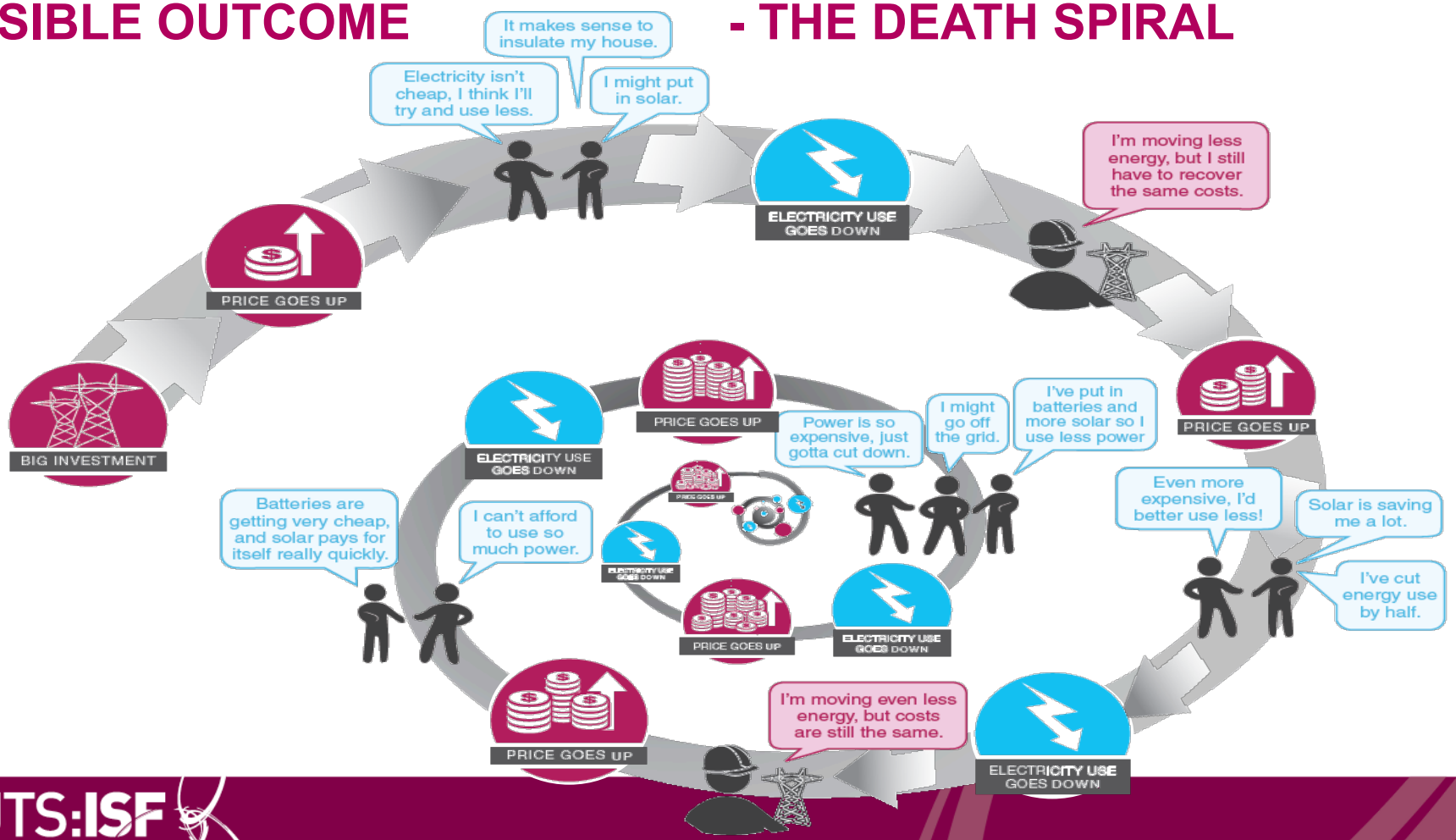
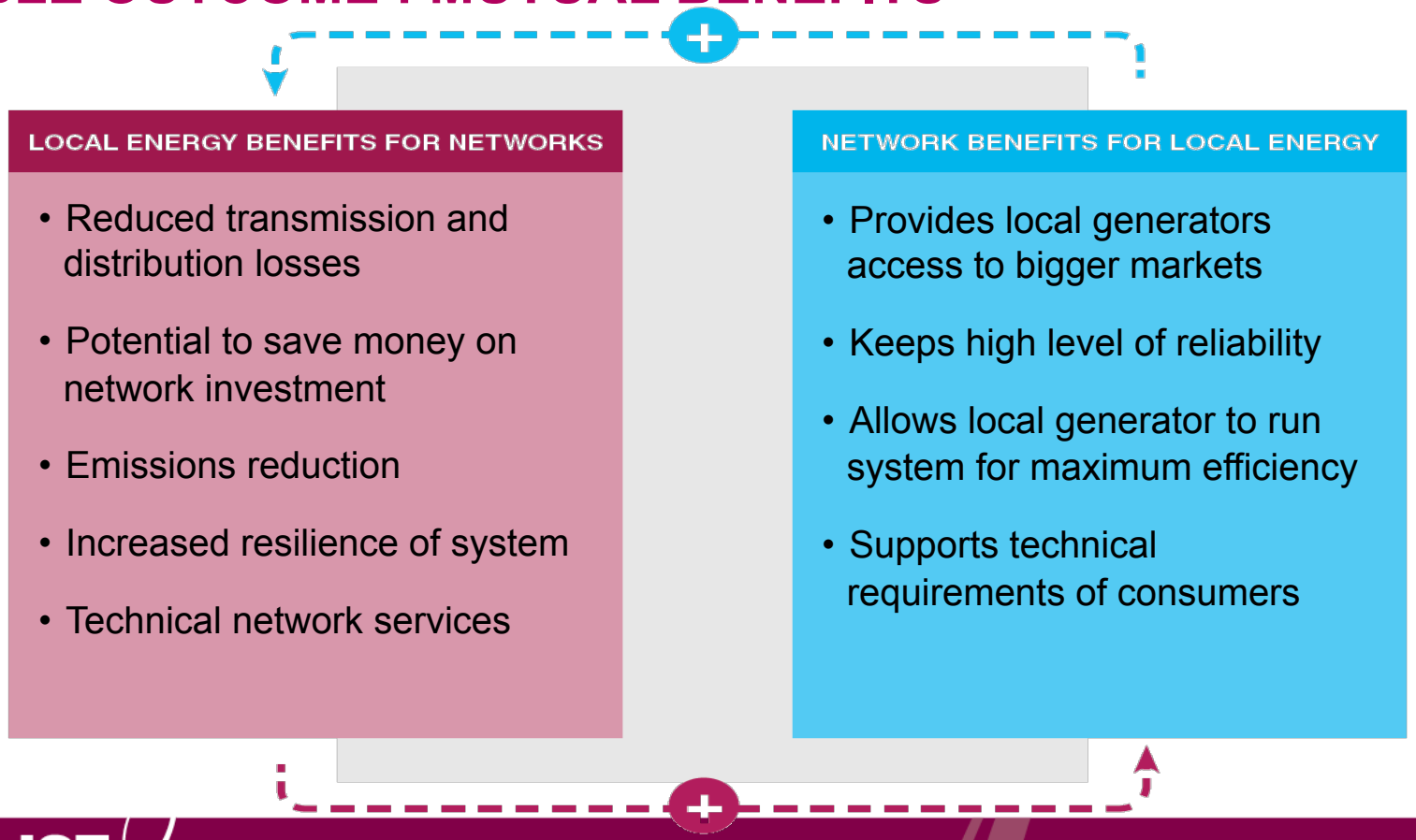
POSSIBLE OUTCOME - THE DEATH SPIRAL



POSSIBLE OUTCOME : MUTUAL BENEFITS



VALUING LOCAL ENERGY:

LOCAL NETWORK CHARGES AND VNM

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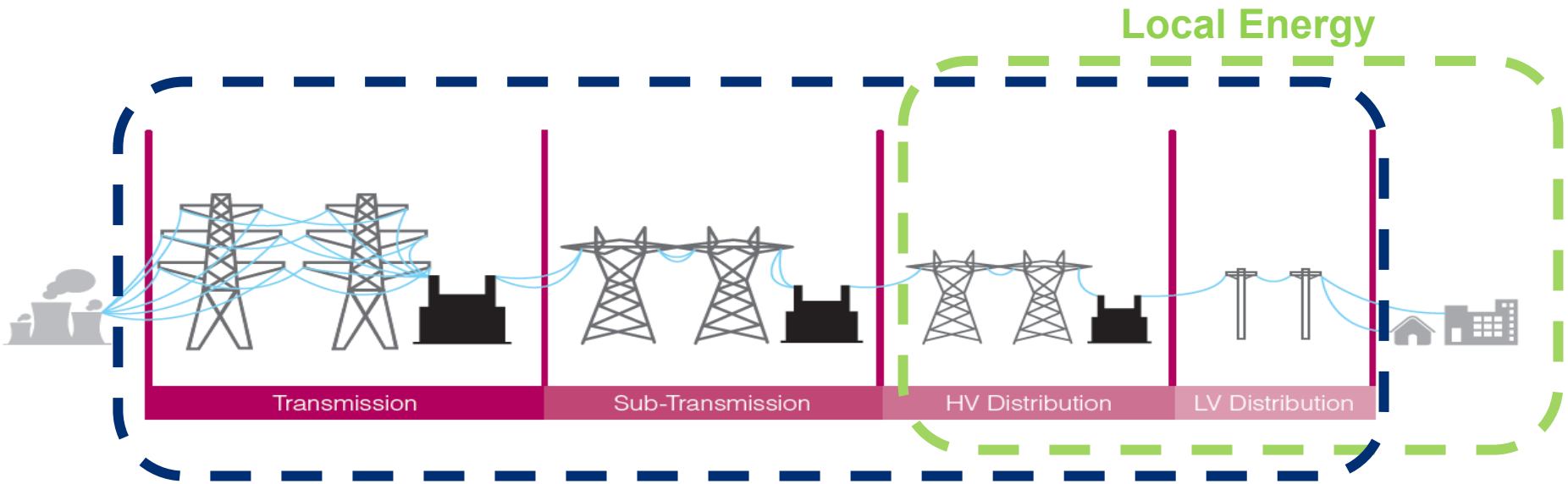
NETWORK CHARGES - WHAT HAPPENS NOW



Current network charges for local energy

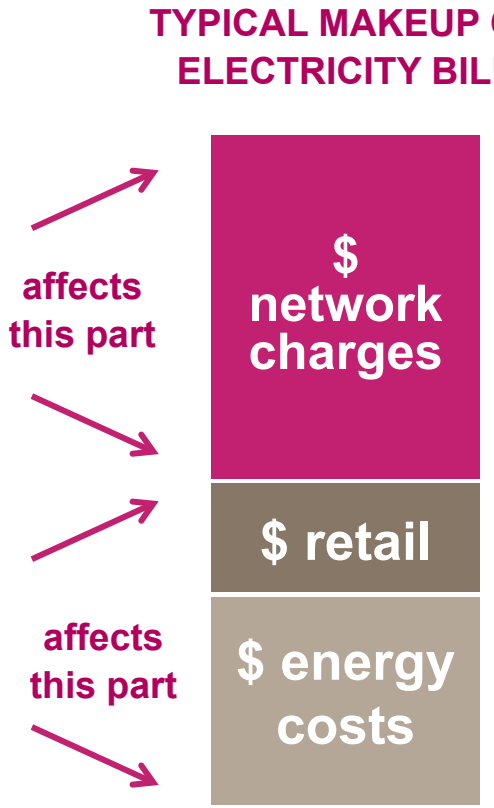
THE PROBLEM

- DGs sell at wholesale and buy back at retail prices
- Strong incentive for customers (and product developers) to focus “behind the meter” & reduce grid consumption
- Perverse incentive to duplicate infrastructure
- Sub optimal sizing of generators and little incentive to supply grid services
- Increases costs for consumers left using *only* grid electricity, as infrastructure costs are recouped from smaller sales volume

THE CONCEPTS

- Local network charges: reduced tariffs for electricity generation used within a defined local network area
  (nb COST REFLECTIVE)

- "Virtual net metering" is *netting off* generation from one site at another site on a time-of-use basis, so that Site 1 can 'sell' or assign generation to nearby Site 2



THE PROJECT:

FACILITATING LOCAL NETWORK CHARGES AND VIRTUAL NET METERING (VNM)

THE PROJECT

Objective: To facilitate the introduction of local network charges & VNM

- Five case studies, or “virtual trials”
- A recommended methodology for calculating local network charges
- An assessment of technical requirements and indicative costs for VNM
- Economic modelling of benefits & impacts
- Increase stakeholder understanding and support for rule change(s)

PARTNERS: A BROAD COALITION

PROJECT LEAD

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MAIN SPONSOR

ARENA

Australian Government
Australian Renewable Energy Agency

SWAN HILL Rural City Council

Byron Shire Council

WILLOUGHBY CITY COUNCIL

ERGON ENERGY

CITIPOWER

Powercor AUSTRALIA

Energy in action. Since 1837 AGL

MOIRA SHIRE ON THE MURRAY

CITY OF SYDNEY

Total Environment Centre for the future

wannonWATER

NSW GOVERNMENT Renewable Energy Advocate

Networks NSW

Energy Australia

Electricity Retailers Association

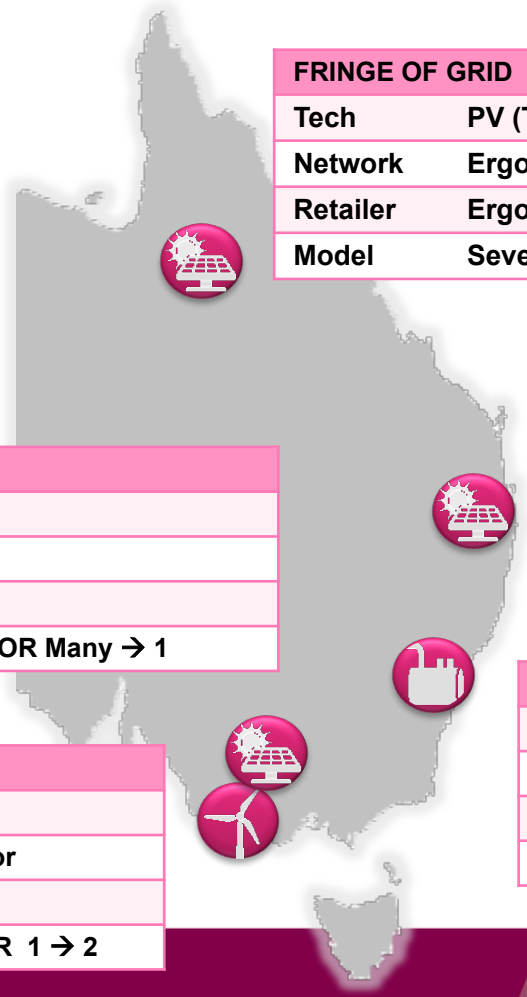
Electricity Networks Association

Clean Energy Council

Coalition for Community Energy

virtual

THE TRIALS



FRINGE OF GRID	
Tech	PV (TBC)
Network	Ergon
Retailer	Ergon
Model	Several →Several

BYRON	
Tech	PV
Network	Essential
Retailer	Energy Australia
Model	Council 1 → 1

MOIRA/SWAN HILL	
Tech	PV
Network	Powercor
Retailer	AGL
Model	1 → Many OR Many → 1

WILLOUGHBY	
Tech	Cogen
Network	Ausgrid
Retailer	Energy Australia
Model	Council 1 → 1

WANNON WATER	
Tech	Wind
Network	Powercor
Retailer	AGL
Model	1 → 1 OR 1 → 2

THANKYOU