

SA Power Networks People's Panel

Export Tariffs Report

March 2023



Contents

About this Report	3
Preamble / Intro Statement	4
About the Panel members	5
The principles underpinning the Panel's decision.	6
The Options	7
The Panel's Recommendation / Position on Export Tariffs.....	8
Moving forward – possible ways forward	10

About this Report

This report was primarily drafted by the facilitators democracyCo using the notes from the Panel's discussions (much of which was taken verbatim) and the initial draft report prepared by a small writing group of Panel members on the afternoon of the last day of deliberations.

Unfortunately, the writing group did not have sufficient time to finalise their report fully and independently during the session.

DemocracyCo have tried to retain the language and phrasing used by Panel members throughout.

Preamble / Intro Statement

The electricity network was originally designed to deliver electricity 'one-way' to SA Power Networks customers.

Whilst the network can support the export of some renewable energy from households and businesses to some extent, in some areas of the network this capacity is already diminished due to the increase in export customers.

In South Australia today, more than 1 in 3 residential customers have rooftop solar and approximately 30,000 homes have batteries. SA Power Networks needs to invest in the network to provide additional capacity for households and businesses to export energy into the grid.

The question put to the People's Panel is in effect - who pays for these upgrades and when should they pay?

The specific phrasing of the remit was-

Regulation requires SA Power Networks to consider applying export tariffs that reflect the cost of providing the service. How can the transition be phased in to maximise fairness and equity for all?



About the Panel members

General Community Members

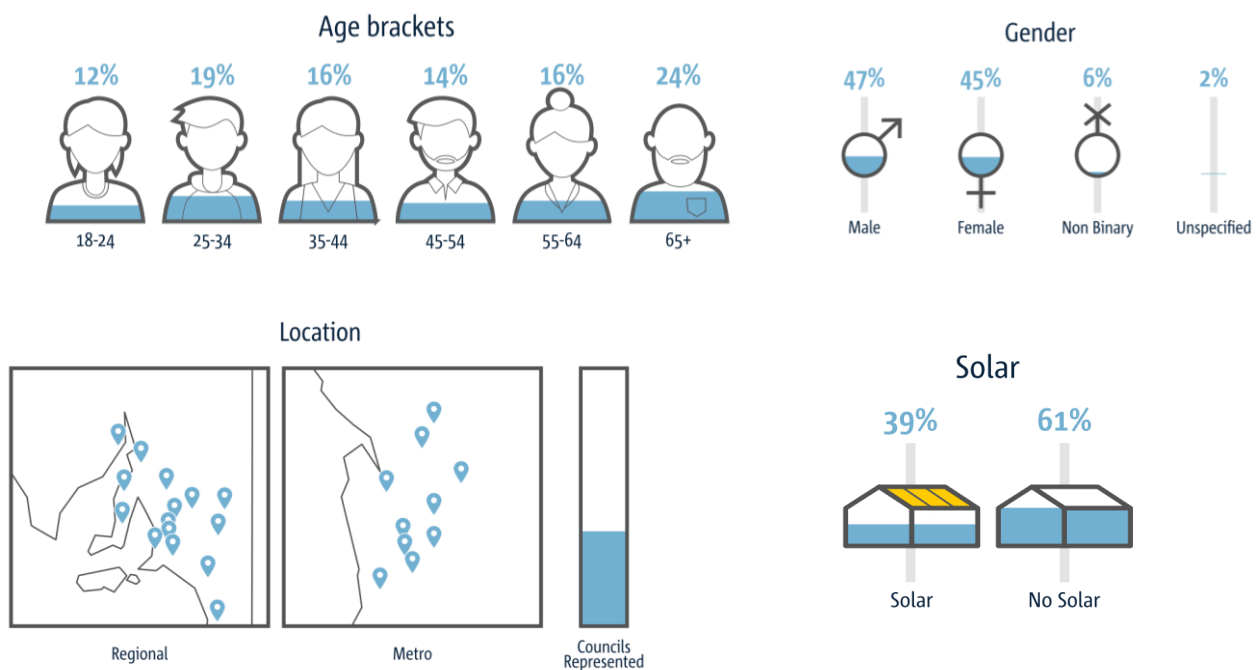
The Panel selection process was designed to represent a diverse set of community. Participation in the panel was voluntary and selected from an initial pool of over 200 people on a statistically informed basis.

Several criteria were used to ensure the panel was representative of SA Power Networks customers. These factors included, but are not limited to, the following parameters:

- Age
- Gender identity
- Home ownership
- Solar ownership
- Location
- Electric Vehicle ownership
- Business ownership
- Experience of vulnerability

The composition of the panel when compared to the SA Power Networks customer population is detailed in FIG 1.

Figure 1 Infographics about the Panel



In addition, 3 of the panel members selected to participate as part of the general community were business owners.

Business Members

Five business owners joined the broader community members to contribute their views as businesses who might have to pay the export tariff.

When we look across the eight business representatives (including the three already on the Panel) four of the business owners had solar panels on their businesses and four did not.

The Business members represented both small and large consumers of energy and were from both metro and regional areas.

The principles underpinning the Panel's decision.

In 2016, a similar deliberative group to the Peoples' Panel met to determine a set of Principles that they wanted SA Power Networks to use in making decisions on the setting of tariffs.

The People's Panel considering Export Tariffs (in 2023) used these same principles to consider which transition option to support.

These Principles are as follows -

Principle 1: Empower the consumer.

People should be allowed to see, understand, and manage their own behaviour. Understanding, through the provision of information, is central to making the system work.

Principle 2: Fairness and equity

Fairness requires the system to recognise the diversity of consumers and that some households and some businesses are particularly vulnerable to sudden changes. Education, sufficient lead-in times and the provision of complementary measures are seen as having key roles.

Principle 3: Simplicity (to inform decision making)

Tariffs have to be understandable if people are going to respond to them. To be understandable, the Panel believes tariffs need to be simple and transparent.

The Options

SA Power Networks, with the support of one of their Focussed Conversations provided the Panel with three options to consider. The Panel were also able to develop their own Option – if they couldn't live with one of the three provided.

The following Options were provided to the People's Panel -

Option 1 – All Export Customers (new and Existing) assigned to export tariffs from July 2025

Option 2- No export tariffs introduced until July 2030

Option 3 – All new Export Customers assigned to export tariffs from July 2025 and all existing Export customers assigned from July 2030

Option 1 was recommended by the Focussed Conversations stakeholders as the preferred transition pathway as it was considered by this group to be the most equitable option and would allow for clear, simple communication to customers.



The Panel's Recommendation / Position on Export Tariffs

Summary

The Panel agreed that there is a need for transition (a need to invest in increased export capacity).

The Panel also agreed that all export customers (existing and new) should transition at the same time. Therefore, the Panel **did not support Option 3** as outlined in the Deliberative Guide.

The Panel did not reach consensus on one of the other options and was evenly split in their support for Option 1 and Option 2. *(20 people voted for Option 1 and 20 people voted for Option 2 and one person abstained from the vote)*

Understanding the views of the Panel

Strong arguments were made by the Panel about the merits of Options 1 and 2.

These are summarised as follows:

Views put forward supporting Option 1	Views put forward supporting Option 2
• The costs of upgrading the system to enable households/ businesses to feed into the grid should not be borne by all customers during that period. • This option is logical - everyone at the same time makes sense. • With a timely and comprehensive education campaign – this model would be simplest to explain to the community. • Solar panel owners are creating the problem / creating the need to upgrade the network so solar panel owners should pay for it. • Solar panel owners have been subsidised by governments and hence the taxpayer for years – now solar panel owners need to pay for themselves.	• The cost of upgrading the network is something that should be borne by everyone regardless of whether they are export or non-export customers. • The environment - Every single watt of solar electricity is pushing one watt of coal and gas out of the system - so this is good for the environment - regardless of whether you consider yourself vulnerable or non-vulnerable - we need to be able to survive on this planet (so this is good for everybody) • Solar is the cheapest form of electricity we can generate right now. We need to push coal and gas out of the system to bring the costs of electricity down. Everyone will get the benefit of the reduced costs of electricity. • This policy may reduce demand for people putting up solar panels – and we need people to put up solar panels to

• Vulnerable customers / customers that cannot afford solar panels should not be paying to support the investment of solar panel owners.	address climate change and bring costs of electricity down. • Not everyone benefits from investment in all aspects of the system (for example CBD reliability) – but we all wear the cost because we know at the end of the day that the benefits accrue to the everyone. • We shouldn't treat solar panel owners as rich customers - not all solar panel owners are wealthy. • Once you put tariffs in place you don't get rid of them - they won't remove them and they will increase over time. • Benefits of being able to transfer clean energy both ways in the system help everyone – by assisting in moving energy to cloudy places etc. • Fairness - solar panel owners invested in a certain policy environment – changing that policy environment after the fact isn't fair.
--	--

Evidence the Panel considered.

The Panel was supported in their deliberations by a 'Deliberative Guide' (prepared by SA Power Networks), that outlined the three options for transition – as well as their strengths and weaknesses. The Panel also heard the views of organisations with different perspectives, including –

- SA Council of Social Services
- Tindo Solar
- Conservation Council
- Department of Energy and Mines
- Eyre Peninsula LGA
- Energy Consumers Australia
- Dr Andrew Nance, The Energy Project

With this information in mind, it was up to the Panel to test the Options or to develop their own option.

After considerations regarding “simplicity” were tested– and hence Option 3 was taken off the table, the decision of whether to go with Option 1 or Option 2 was ultimately a values-based decision.

“What is fair and equitable?” - Is everyone benefitting from customers feeding into the grid or is the advantage being unfairly shared?

Both sides of the discussion made considered and reasoned points as to why their option was fair and equitable – but there was almost no movement between the two sides based on these discussions.

Moving forward – possible ways forward

The Panel were very clear – if SA Power Networks does pursue Option 1 – an extensive and robust education campaign would be necessary to ensure that the community understands the change and can respond appropriately to the new arrangements. Some members of the Panel raised concerns about SA Power Networks ability to educate everyone effectively in advance of 2025.

Some Panel members proposed a delay in implementation until 2028.

Some members of the Panel and the writing group (that prepared the initial draft of this report) briefly explored other compromise options for moving forward on this issue.

In particular, they discussed two possibilities in the hope that these alternate models may provide SA Power Networks with different approaches to explore further (that maybe more broadly supported by the public) -

- 1. Everyone pays a little, but solar customers pay more** - Another option could be that all customers pay a smaller amount (<\$3 p.a), and export customers pay a higher amount (but less than \$10.20). Further discussions are required on this hybrid model.
- 2. Consumption Tariff** - Proposed consumption tariff (solar sponge) to encourage more demand around high solar generation period.