

3<sup>rd</sup> June 2016

## Distributed Generation Inquiry Draft Report Energy Value - Submission

Onsite Energy Solutions wishes to make the following comments / observations in relation to the current distributed generation inquiry by the Commission into “energy value”, as follows:

### **Extracting “fair” energy value for consumers without inhibiting future tariff innovation**

The competitive energy retailer of the future may seek to assist consumers to be “energy independent” using solar PV / battery storage, and to operate in a “near-off-grid” environment.

For example, it may be possible in the future for an energy retailer to offer monthly “fixed price” retail electricity (subject to price variation relating only to appliance and occupancy profile). This may occur where the consumer’s gross onsite solar PV production overtime exceeds their onsite electricity consumption. In such a scenario the cost of the onsite distributed generation equipment may be amortized into the monthly fixed price charged to the consumer over the contract period.

Therefore, we request that the Commission consider the implications of its determinations for the future of retail tariff structures, with a view to ensuring that there are no constraints imposed that would prevent an energy retailer from offering monthly “fixed price” retail electricity in the future.

### **Option for ascribing value to carbon abatement resulting from renewable distributed generation**

Notwithstanding that the Commission is not considering options for ascribing value to carbon abatement, rather simply proposing options for measuring the quantum of abatement, we make the following observations:

- The VEET scheme is designed to make energy efficiency improvements more affordable, contribute to the reduction of greenhouse gases, and encourage investment, employment and innovation in industries that supply energy efficiency goods and services.
- The scheme was established under the *Victorian Energy Efficiency Target Act 2007* and is administered in accordance with the *Victorian Energy Efficiency Target Regulations 2008*.
- The VEET scheme is Victoria’s only carbon abatement scheme that operates with a market determined price for carbon abatement.
- Why not use the market price for carbon abatement as determined in the VEET scheme, to derive the value of carbon abatement for the Deemed Output Tariff (DOT) on an annual basis, using retrospective VEEC pricing data?

Yours faithfully,

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