

Dr Kerry Schott AO  
Chair  
Energy Security Board  
Submitted via email to: [info@esb.org.au](mailto:info@esb.org.au)

18 May 2020

Dear Dr Schott,

**Re: ESB consultation paper: 'Moving to a two-sided market'**

Thank you for the opportunity to provide feedback on the Energy Security Board (ESB) consultation paper on 'Moving to a two-sided market'.

South Australia is at the forefront of the transition to distributed energy. SA Power Networks is an active participant in ESB's Post-2025 Market Review process, and is also actively engaged with many of the related initiatives currently underway across the sector. We consider that being on the 'front-line' has provided us with unique perspectives on how the industry might best evolve in response to this transition, to deliver the best long-term outcomes for electricity consumers.

As a member of Energy Networks Australia (ENA), SA Power Networks supports and endorses the industry position put forward by ENA in its response to the above consultation paper. In addition, we offer the following brief feedback on the paper:

1. Our engagement with customers reminds us, time and time again, that their primary desire is for a safe, reliable electricity supply at an affordable price.
2. It is not clear from the consultation paper which of these outcomes a two-sided market is seeking to improve. We consider that the ESB should incorporate into any future consultation a very clear problem (or opportunity) definition.
3. The review considers a wide range of potential future benefits of a two-sided market, but it would seem that many of these benefits (e.g. increased participation in the market by small customers using smart DER) can be substantially achieved, or are already being achieved, within the current market framework.
4. It would be helpful to isolate the specific shortcomings of the current market design that the proposed two-sided market mechanism is uniquely intended to address, the alternative solutions that might also address these shortcomings, and the costs and benefits of all potential options.
5. Without fully understanding the problem statement, alternatives or costs/benefits, we find it difficult to engage with the detailed questions posed in the paper.
6. The paper observes that 66% of load in the system arises from only 0.8% of large consumers. This being the case, it would seem that the best pathway forwards if this reform were to be pursued would be to focus initially on these larger customers. That would give a significant

base of flexible, scheduled demand to help to set the market price, while leaving small customers to remain as price-takers. Small customers and their resources could still continue to leverage new smart devices and innovative spot-price-exposing retail offers to participate increasingly actively in the market, dynamically adjusting their generation and consumption patterns to match market conditions as they are starting to do today, without the significant extra complexity of having to be brought under new trading arrangements.

If you would like to discuss the contents of this submission, please contact Bryn Williams on 0416 152 553 or [bryn.williams@sapowernetworks.com.au](mailto:bryn.williams@sapowernetworks.com.au).

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Mark Vincent', with a horizontal line extending to the right.

Mark Vincent  
General Manager Strategy and Transformation  
SA Power Networks

