



14 July 2021

Ms Clare Savage
Chair
Australian Energy Regulator

Sent via email

Dear Ms Savage

AER Electricity Distribution Ring-fencing – Draft Guideline Version 3

Energy Networks Australia (ENA) is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

The Clean Energy Council (CEC) is the peak body for the clean energy industry in Australia. We represent and work with Australia's leading renewable energy and energy storage businesses, as well as rooftop solar installers, to further the development of clean energy in Australia. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

Australia's energy system is undergoing a significant transition, moving away from large, centralised coal and gas generation to smaller scale dispersed generation that is increasingly renewable generation. Emerging technologies – such as stand-alone power systems (SAPS) and energy storage devices – are propelling the energy transition, offering better outcomes for customers.

The CEC and ENA support the Australian Energy Regulator's (AER) draft position to introduce a broad-based SAPS exemption designed to allow a distribution network service provider (DNSP) to earn revenue from SAPS generating systems up to a given percentage of a DNSP's annual revenue requirement (SAPS generation revenue cap). To provide transparency and foster the competitive market, CEC and ENA support the introduction of a publicly available SAPS exemption register that is maintained by each distributor.

The CEC and ENA strongly support the use of energy storage on networks, which will facilitate more renewables onto the grid, support system security and reduce pressure on electricity prices by meeting peaks in demand.

Both the CEC and ENA have separately provided more detailed submissions to the AER's draft electricity distribution ring-fencing guideline version 3 (draft guideline), however we wanted to jointly comment on the potential next steps in relation to the draft guideline.

We have concerns that the draft guideline's proposed SAPS generation revenue cap thresholds are too low. We recommend that the AER reconsider the proposed thresholds to ensure that the final thresholds accommodate the timely and efficient rollout of SAPS.

We also recommend that the AER give further consideration to an optimal long-term policy framework for energy storage devices that better facilitates efficient innovative customer focused outcomes, such as community-scale battery programs, without the time, cost and uncertainty of a case-by-case approval process.

We welcome the development of a ring-fencing framework that ensures consumers can benefit from the adoption and use of SAPS and energy storage devices and look forward to continued engagement through this review.

Yours sincerely,



Andrew Dillon
**Chief Executive Officer
Energy Networks Australia**



Kane Thornton
**Chief Executive Officer
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