



Ms Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2001

4 July 2024

To Ms Collyer,

Retailer reliability obligation exemption for scheduled bidirectional units – Consultation paper

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Australian Energy Market Commission's (the Commission) consultation paper on the rule change request for scheduled bidirectional units to be exempted from being liable entities under the Retailer Reliability Obligation (RRO).

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE operates an asset fleet which includes renewables, gas-powered generation, diesel peakers, and battery energy storage systems. ENGIE also provides electricity and gas to retail customers across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

ENGIE agrees with the concerns raised by the rule change proponents regarding the risk of RRO non-compliance acting as a deterrent from batteries providing grid-security services. ENGIE supports the rule change request to introduce a minor amendment to the definition of RRO liable entity in the National Electricity Rules.

Although all load in the market is liable under the RRO, scheduled bidirectional units do not 'consume' energy in the same way as end-users. The key difference is that scheduled bidirectional units are controllable and can store energy that can be used to provide future system security services. ENGIE considers that the rules should distinguish between these loads and recognise the critical grid support that can be provided by scheduled bidirectional units.

Under the current rules, bidirectional units may be able to net out load against corresponding generation to avoid an RRO liability. However, ENGIE agrees with the rule change proponents that there are likely to be timing impacts that mean RRO non-compliance risks will remain. It would not be viable for operators to procure financial contracts to hedge the outstanding load related to their units during RRO liability periods, as the charging that may occur during those periods is difficult to accurately forecast.

Without this rule change, battery operators may constrain their scheduled bidirectional units from charging during RRO liability periods to avoid the significant risks associated with RRO non-compliance. The associated decrease in system security services would be a more significant risk to the market than the potential benefits from imposing RRO liability on the load from scheduled bidirectional units. These outcomes would be counter to the policy intent of the RRO, which is to encourage new investment in firm generation or demand-response capacity.

ENGIE considers that exempting scheduled bidirectional units from the RRO would contribute to a more stable and secure market and produce benefits consistent with the National Electricity Objective. This is primarily due to removing barriers to scheduled bidirectional units providing FCAS services during RRO liability periods and removing barriers to investment in new storage. The exemption may also have a minor reduction in RRO compliance costs for other RRO liable entities due to the reduced competition for Qualifying Contracts for an RRO liability period.

Should you have any queries in relation to this submission please do not hesitate to contact me on, telephone, 0436 929 403.

Yours sincerely,



Matthew Giampiccolo

Manager, Regulation and Policy