



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

10 October 2024

Dear Ms Collyer,

Retailer reliability obligation exemption for scheduled bidirectional units – Draft determination

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Australian Energy Market Commission's (the Commission) draft determination 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 supports the Commission's more preferable draft rule that would exempt most storage assets from being liable entities under the RRO. ENGIE does not have any concerns with the exemption being expanded beyond scheduled bidirectional units to other storage assets, such as pumped hydro energy storage.

As noted in our submission to the consultation paper, ENGIE agrees that the current rules may deter the use of batteries to provide grid-security services due to the risks of RRO non-compliance. This outcome 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.

ENGIE notes that since the publication of the draft determination, the Australian Energy Market Operator has notified the Australian Energy Regulator that the reliability gap in New South Wales from 1 December 2025 to 28 February 2026 is no longer forecast. For that reason, ENGIE would support the Commission moving the proposed effective date from 15 November 2024 to 3 December 2024 to avoid the need to

create transitional rules to accommodate entities that will not transition to the new Integrated Resource Provider category until 3 December 2024.

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

Matthew Giampiccolo

Manager, Regulation and Policy