

13 May 2016

Mr John Pierce
Chair
Australian Energy Market Commission
PO Box A2249
South Sydney NSW 1235

ENA Submission on Registration of proponents of new types of generation Rule Change Consultation Paper

Dear Mr. Pierce

The ENA welcomes the opportunity to make a submission to the Australian Energy Market Commission (AEMC) in response to the *National Electricity Amendment (Registration of proponents of new types of generation) Rule 2016 Consultation Paper* published by the AEMC on 14 April 2016.

The ENA is the national industry association representing the businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to almost every household and business in Australia.

The ENA supports technology neutrality and the removal of unnecessary barriers to the participation of unconventional producers of electricity, including those employing battery storage, in the National Electricity Market (NEM). The ENA supports the revised definition of 'generating unit' in Chapter 10 of the National Electricity Rules (NER).

ENA, however, notes that while storage may be employed as a generating unit to produce electricity and participate in the NEM, this is not its only potential function. For instance, battery storage may deliver multiple services at different locations within the electricity system and it is not used only by generators. For example, a US Department of Energy study by Sandia National Laboratories estimated that up to 100 000 energy storage systems were installed at US utility substations in 2012.¹

A recent paper from the Rocky Mountain Institute² illustrated that batteries can provide up to 13 different services to the market operator, utility services and customers including:

For the system operator:

- energy arbitrage; spin / non-spin reserve; frequency regulation; voltage support and black start capability;

For the Utility services:

- resource adequacy; transmission congestion relief; transmission deferral; distribution deferral;

¹ Deloitte, *Energy storage: Tracking the technologies that will transform the power sector*, 2015.

² Fitzgerald Garrett, James Mandell, Jesse Morris and Herve Touati. *The Economics of Battery Energy Storage: How multi-use, customer-sited batteries deliver the most services and value to customers and the grid*. Rocky Mountains Institute, September 2015.

For the customer:

- time-of-use bill management; demand charge reduction; increased PV self-consumption and backup power services.

The ENA supports the proposed non-controversial rule change because it removes unnecessary barriers to economically efficient technology choices by service providers in the NEM.

While storage should be able to be employed as a generating unit in the NEM, the ENA suggests the AEMC's final decision should also recognise that this is not its only service role and this rule change does not preclude the employment of storage for other services within the energy system. This approach provides greatest potential for innovation and promotes the long-term interests of consumers.

If you have any questions, or the ENA can be of further assistance in this process, please contact Kate Healey, Director Regulation on 02 6272 1516.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'John Bradley', is positioned above the printed name.

John Bradley
Chief Executive Officer