



Clean Energy Council submission to the Australian Energy Market Commission's Draft Determination: Contestability of energy services

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback on the draft rule determination on contestability of energy services.

The CEC is the peak body for the clean energy industry in Australia. We represent and work with hundreds of leading businesses operating in solar, wind, hydro, bioenergy, marine and geothermal energy, energy storage and energy efficiency along with more than 4,000 solar installers. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

The CEC supports the objectives of facilitating competition in the energy services market and improving clarity and transparency in the distribution service classification framework. We welcome the draft rule.

We support the draft rule's intention to not restrict DNSPs' ability to utilise new 'behind the meter' technologies in order to deliver regulated network services more efficiently and to require DNSPs to procure these services from third-parties or ring-fenced affiliates. The draft rule will help to ensure that DNSPs do not become market makers or participants in energy services markets, in a role that conflicts with their status as a regulated monopoly service provider.

It will be important to clearly define what is meant by the term 'behind the meter'. The Australian Energy Market Commission (AEMC) has indicated its in-principle support for a proposal to amend the National Electricity Law (NEL) and National Electricity Rules (NER) to allow DNSPs to provide microgrid or off-grid supply as a distribution service, which could then be subject to economic regulation. The CEC also supports this proposal in principle. It will be important to clarify that 'behind the meter' is not intended to include systems connected by a microgrid which is not connected to the national interconnected electricity grid.

We note that the AEMC has decided not to address the proposed changes to the RIT-D as part of this draft rule determination. The CEC agreed with the assessment of the Australian Energy Council (AEC), that the \$5 million threshold of the RIT-D limits the opportunities for providers

of demand response and network support services to identify where they can provide such value. We support the proposal to reduce the threshold. A 'truncated RIT-D' process would also make sense for investments related to demand response and network services, especially in the context of the lower threshold proposed. We urge the AEMC to reconsider the proposal to reduce the RIT-D threshold in future reviews of the rules governing DNSPs.

We would be very happy to discuss these issues in further detail with the AEMC. We look forward to contributing further to this important area for policy development.