

A few
words.

Su-Min Lim

Project Leader

Australian Energy Market Commission

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Reference code: ERC0204



12 May 2016

Dear Su-Min,

Re National Electricity Amendment (Registration of proponents of new types of generation) Rule 2016

AGL Energy (**AGL**) welcomes the opportunity to respond to the *AEMC 2016, National Electricity Amendment (Registration of proponents of new types of generation), Consultation Paper (Consultation Paper)*.

AGL is one of Australia's leading integrated energy companies and largest ASX listed owner, operator and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources. AGL is also a significant retailer of energy, providing energy solutions to over 3.7 million customers throughout eastern Australia. In 2015, AGL established a New Energy Services division, with a dedicated focus on distributed energy services and solutions.

Our understanding is that the Australian Energy Market Operator (**AEMO**), as the rule change proponent, is seeking to put beyond doubt that it has oversight for system and market operations purposes of all forms of generation connected to the National Electricity Market (**NEM**), whether conventional or non-conventional.

AGL supports regulation which promotes technology neutrality. Accordingly, AGL is not opposed to a rule change to clarify that the definition of 'Generator' in the National Electricity Rules (**NER**) is technology agnostic. However there is a view that the definition is already sufficiently broad. For example, AEMO has already registered AGL's Nyngan/Broken Hill solar farm as a *Generator* in the NEM seemingly without needing to overcome definitional issues. That is, the common understanding of the word 'generator' may already suffice.

We note also that replacing the reference to an 'actual generator' with reference to plant that 'produces electricity' may leave open a question as to whether it would capture battery storage systems since these technically do not 'produce' electricity rather they store and later discharge that energy. A broader definition might simply make reference to plant which 'exports electricity to the grid'.

The current registration and exemption framework aims to strike an appropriate balance between the regulatory burden of registration and the need for AEMO to be able to forecast and manage market operations. Currently all generators below 5MW are automatically exempt from registration for reasons which are clear and supported by AGL – namely, that it would be too cumbersome and expensive for a very small (e.g. residential) system to comply, may unnecessarily increase technology and installation costs (where more

prescriptive performance standards are imposed) and generators of this size will not alone have a material impact on market operations.

As technology and the market develops, it will be important to ensure an appropriate balance remains in terms of generator registration and exemption from registration. Regulatory overburden risks discouraging the uptake of new technologies – even where these will have overall system and market wide benefits – and negatively impact customer choice. Accordingly, participants and AEMO will need to work together into the future to ensure the registration system remains fit-for-purpose and AEMO is adequately positioned to manage the NEM overall.

Should you have any questions in relation to this submission, please contact Eleanor McCracken-Hewson, Policy & Regulatory Manager, New Energy, on 03 8633 7252.

Yours sincerely,



Stephanie Bashir

Head of Policy and Regulation, New Energy

