



825 Ann Street, Fortitude Valley QLD 4006
PO Box 264, Fortitude Valley QLD 4006
ergon.com.au

Ref: JD/TF/AC

12 May 2016

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Pierce

Consultation Paper - National Electricity Amendment (Registration of proponents of new types of generation) Rule 2016 (ERC0204)

Ergon Energy Corporation Limited (Ergon Energy) welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its *Consultation Paper - National Electricity Amendment (Registration of proponents of new types of generation) Rule 2016* (the Rule Change). This submission, which is available for publication, is made by Ergon Energy in its capacity as an electricity Distribution Network Service Provider in Queensland.

Ergon Energy is supportive of the rule change proposed by the Australian Energy Market Operator (AEMO) and the proposed amendments to the definition of “generating unit” in Chapter 10 and the deletion of clause 2.2.1(b) of the *National Electricity Rules* (NER). However, we wish to highlight the regulatory risk associated with a adopting a “one size fits all” approach when it comes to alternative technologies such as energy storage devices such as batteries.

Amending the definition of generating unit automatically captures non-conventional electricity generation technologies, such as batteries. Ergon Energy’s concern is that there may be an unintended consequence in that batteries may only be used as a generator and as such, limits its application in the broader market, that is, across all supply chains of the National Electricity Market (NEM). Batteries are multi-functional and can serve many functions. The Rocky Mountain Institute in their Final Report on *The Economics of Battery Energy Storage*¹ said that batteries can provide up to 13 services to three stakeholder groups². Given the breadth of opportunities with energy storage systems, Ergon Energy considers that the AEMC should not overlook this fact when considering submissions.

¹ Released in October 2015.

² Refer to page 6

We believe there is a risk in adopting a “one size fits all” approach, and that this regulatory approach may stifle innovation and restrict competition and consequently not best meet the long-term interests of consumers.

Should you require additional information, or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours sincerely



Jenny Doyle

Group Manager Regulatory Affairs

Telephone: (07) 3851 6416

Email: jenny.doyle@ergon.com.au