



9 February 2021

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

Lodged via the AEMC's website

Dear Ms Collyer,

Re: Integrating energy storage systems into the NEM (ERC02080) – Options paper

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Australian Energy Market Commission (the Commission) regarding the options paper on integrating energy storage systems into the NEM.

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE has interests in generation, renewable energy development, and energy services. ENGIE also owns Simply Energy which provides electricity and gas to more than 730,000 retail customer accounts across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

ENGIE is pleased that the Commission has granted an extension of time for this rule change to allow consultation on options that align with the two-sided market reforms within the Energy Security Board's (ESB) post-2025 electricity market design project. In its submission to the consultation paper, ENGIE raised concerns that rule changes made through this process could be quickly superseded by potential rule changes arising from the ESB's post-2025 project.

ENGIE would prefer a rule change that requires the minimum immediate reform necessary while remaining in line with the transition to two-sided markets. As the ESB's final recommendations on post-2025 electricity market reforms will not be clear until mid-2021, ENGIE would not support the Commission making significant rule changes at this time.

In this submission, ENGIE provides feedback on the Commission's alternative options in relation to registration and participation frameworks and recovery of non-energy costs.

Registration and participation frameworks

Of the options presented in the paper, ENGIE considers that Option 3 is the most appropriate. Option 3 appears to align with ENGIE's previous suggestion that the Commission explore ways to address any issues relating to the treatment of storage within the existing registration categories.

While ENGIE supports the intent of Option 4 as a move towards attaching obligations to services rather than registration types, ENGIE is concerned that this option would be too significant of a change



to the current registration process. As the long-term needs of the system are being addressed as part of the post-2025 project, it may be premature to pre-empt those decisions through this rule change. ENGIE considers that it may not be proportionate to implement a major rule change at this moment when the outcomes of the post-2025 project will likely lead to material impacts on storage registration and operation.

Recovery of non-energy costs

ENGIE considers that the overarching principle for cost recovery should be that double-charging is avoided and that charges should be applied consistently. ENGIE considers that either Option 3 is the most appropriate option as it appears to best align with the 'causer-pays' principle. Maintaining the current arrangements at this stage, as per Option 1, may also be appropriate until the implications of the ESB's final recommendations on post-2025 electricity market reforms become clear in mid-2021.

ENGIE does not support Option 2 as it does not align with the long-term transition to a two-sided market and the changes resulting from this change would likely become quickly outdated and replaced.

Should you have any queries in relation to this submission please do not hesitate to me on telephone, 0436 929 403.

Yours sincerely,

A handwritten signature in black ink that reads "Matthew Giampiccolo".

Matthew Giampiccolo
Senior Regulatory Adviser