

16 September 2021

Mr Anna Collyer
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Via online submission

Dear Ms Collyer

RE Integrating Energy Storage Systems into the National Energy Market

TasNetworks welcomes the opportunity to respond to the Australian Energy Market Commission's (**AEMC's**) consultation on the draft rule change determination, integrating energy storage systems (**storage**) into the National Energy Market (**NEM**).

TasNetworks is the Transmission Network Service Provider (**TNSP**), Distribution Network Service Provider (**DNSP**) and Jurisdictional Planner in Tasmania. The focus of these roles is to deliver safe, secure and reliable electricity network services to Tasmanian and NEM customers at the lowest sustainable prices. TasNetworks recognises the customer benefits from storage and seeks to facilitate storage initiatives in Tasmania, ranging from Battery of the Nation pumped hydro energy storage through to embedded battery storage for distribution-connected customers.

TasNetworks considers the draft rule determination a valuable foundational change that creates a place for storage in the National Electricity Rules (**NER**) and with this, provides a substantial increase in the level of certainty for all market participants. TasNetworks has contributed to and supports Energy Networks Australia's (**ENA's**) submission including the case for transmission connected bi-directional storage to be a negotiated service, allowing for flexibility in the treatment of benefits. From the standpoint of an integrated transmission and distribution network business, TasNetworks offers the following comments supporting NER flexibility:

- The AEMC considers in this draft rule determination that the NER provisions on the treatment of transmission use of system (**TUOS**) and distribution use of system (**DUOS**) charges for generation and load are appropriate for application to storage. TasNetworks supports this approach and agrees that existing flexibility in the NER can accommodate appropriate network charging for storage. Different forms of storage

will bring different benefits and it should be possible for TNSPs and DNSPs to reflect this in the TUOS/DUOS charges for these customers.

- TasNetworks does not support a blanket exemption for charging DUOS to storage. This approach would reduce flexibility. We agree with the draft rule determination solution for DNSPs to use the current Tariff Structure Statement (**TSS**) process (and pricing principles¹). These provide a suitable mechanism to manage appropriate network charging for storage as the principles have the capacity to capture a range of benefits while allowing for unique customer and network characteristics to be considered. TasNetworks agrees that an inability to charge for use of system would also be inconsistent with the recent Access, Pricing and Incentive Arrangements for Distributed Energy Resources rule change that introduced the optionality for a DNSP to charge for export services, including allowing for negative charges.
- The NER requires each DNSP to prepare a negotiating framework, which sets out the procedure to be followed during negotiations with any person who would like to receive a negotiated distribution service. For storage seeking a negotiated distribution service, TasNetworks considers that the Distribution Negotiating Framework provides sufficient flexibility.
- There seems little benefit from consistency in applying network charges for storage on the distribution and transmission networks. Consistency, potentially from broad exemptions, will not encourage appropriate locational decisions. TasNetworks considers that incentives for efficient locational decisions by storage will be better addressed through the Energy Security Board post 2025 market design initiatives for medium term access and the congestion management model that has been chosen for further development.

Should you have any questions, please contact Chantal Hopwood, Leader Regulation, via email (chantal.hopwood@tasnetworks.com.au) or by phone on (03) 6271 6511.

Yours sincerely



Wayne Tucker

General Manager Regulation, Policy and Strategic Asset Management

¹ NER, clause 6.18.5