

28 January 2022

Mr M McLeish  
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Sent via email: [regulatorysandbox@aer.gov.au](mailto:regulatorysandbox@aer.gov.au)

Dear Mr McLeish

## Regulatory sandboxing toolkit Issues Paper

Thank you for the opportunity to comment on the *Regulatory sandboxing toolkit Issues Paper* issued in November 2021. We appreciate and commend the AER engaging early with stakeholders on the proposed regulatory sandboxing arrangements. We attended the 1 December information session and found the presentations by all presenters (staff from the AER, AEMC, AEMO, ARENA and ESCV) informative and useful.

As the primary electricity distributor in South Australia, SA Power Networks is at the forefront of the distributed energy resources boom that is driving the energy transformation currently underway in Australia. We are acutely aware of the rapid development of technologies that are enabling new business models and potentially new value streams for customers and industry.

However, we also understand the national regulatory framework is highly complex and changes necessarily involve consultation with a range of stakeholders and lengthy time frames to implement. We appreciate participants and other parties new to the industry seeking to trial innovative projects may find it difficult to navigate through this framework to understand existing requirements and relevant parties that may be impacted by a trial. We are therefore supportive of developments that seek to reduce real or perceived barriers, where doing so is in the long-term interest of customers.

The AER's proposed Innovation Enquiry Service will provide a welcome service helping innovators to navigate the complexities of the electricity regulatory framework, understand the roles of relevant institutional bodies and help identify impacted participants and parties involved in a potential trial. Early guidance from the AER on the need for any waivers from existing obligations and/or other key considerations will be appreciated.

We also note the proposed changes to the National Electricity Law and National Electricity Rules enabling the AEMC to make trial rule changes, notionally within a 10 week time frame. The enabling legislation for these changes is currently before the South Australian Parliament and is expected to be enacted after the South Australia election in March 2022.

With reference to the Issues Paper, our main comments are:

- We agree with the AER that the administrative processes associated with accessing the sandboxing tools must not be unnecessarily cumbersome or burdensome for innovators and should therefore be commensurate with the size, complexity and overall risk of any proposed trial. Imposing conditions for information provision, knowledge sharing, compliance reporting and dispute resolution arrangements should be tailored accordingly;
- In assessing the duration of a waiver to be granted to a trial proponent the AER should have regard to the length of time it might take for any relevant regulatory or legislative barrier to be addressed; and
- We note the proposed waiver application form poses questions to the proponent around the potential for any trial to adversely affect safety, reliability or security of supply for consumers. As well as obligations under the national framework, Network Service Providers have jurisdictional licence obligations to ensure the safe, reliable and secure operation of the system and consequently have detailed asset management and system operation procedures to ensure the integrity of their networks. It may not always be evident to a proponent that a trial could impact these aspects of electricity supply. It is therefore important that Network Service Providers are involved early in the development of any potential trial to ensure safety, reliability and system security are not adversely impacted.

Before any trial waiver is granted, we believe the AER should strengthen consultation requirements by obligating trial proponents to:

- consult with all relevant parties, particularly Network Service Providers, before any trial proceeds; and
- demonstrate it has taken all reasonable steps to mitigate any adverse impact on core Network Service Provider responsibilities.

If you have any queries or require further information in relation to our submission, please contact Richard Sibly on [REDACTED] or at [REDACTED].

Yours sincerely

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Mark Vincent  
Executive General Manager Strategy and Transformation

