

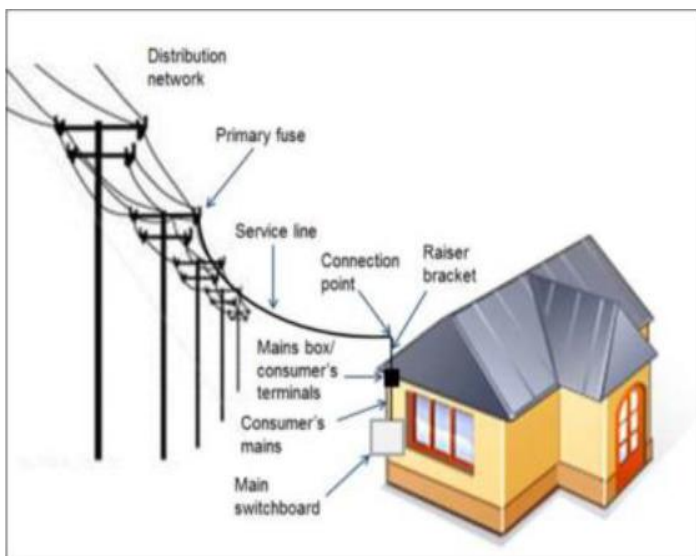
Final decision: AER Restricted Asset Exemption Guideline

Restricted Assets

New technologies, like battery storage, are making it possible for customers to control their energy use in new ways. New service providers are emerging to help customers take advantage of these changes. These services might combine customer assets into a 'virtual power plant' or allow customers to supply their own power entirely.

In 2017, the AEMC made rule changes to help develop these markets. These rule changes stop distributors from earning regulated revenue on some assets that sit on the customer side of a connection point.

This diagram shows where the connection point is on a typical customer connection.



The restriction applies to assets on the customer-side of the connection point, unless the customer is another distributor, or the asset is a network device. These 'restricted assets' may generate, or allow customers to control, energy on their side of the meter. The best known affected assets are solar panels and battery storage. Restricting distributor investment in these assets will allow customers to make choices that suit their needs.

Our goal is for customers to receive the benefits of a competitive market, without missing out on the benefits a network can provide. In general, competitive markets provide customers with more choices and can reduce prices. But sometimes, sharing costs amongst users of the network delivers cost savings. The Guideline sets out how and when we will give distributors exemptions from the asset restriction.

Distributors may get an exemption if the investment will not harm competition in a market for energy related services. If the investment will negatively impact competition, distributors may still be able to get an exemption if they demonstrate specific benefits to customers. These benefits must outweigh the harm to competition.

The benefits we may weigh against a negative impact to competition are:

- Benefits for rural customers,
- Benefits for the safety of the network,
- Increasing the ability of a distributor to respond to a force majeure event.

We will assess all exemption applications in their circumstances. Weighing each category of benefit and harm will require a careful balancing process from the AER. We will consult on all exemption classifications via our normal processes.

Load Control

Under the AEMC rule change devices deployed by distributors to provide network load control will be network devices in many cases. Network devices are not restricted assets. Distributors may keep earning regulated returns on investments in network load control devices.