



Ref: 20220920AY:NL

20 September 2022

Mr Mark Feather
General Manager – Consumers, Policy and Markets
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Mr Feather,

Ring-fencing Waiver Application – 35 pole-top mounted energy storage devices

Further to a meeting between staff from Essential Energy and the Australian Energy Regulator (AER) on 12 September 2022, please find attached a Ring-Fencing Waiver Application for a small number of pole-top mounted energy storage devices.

Essential Energy is seeking a waiver from legal separation obligations under the Ring-fencing Guideline, for a trial of the joint ownership and operation of 35 pole-top batteries. This application, being made under the streamlined waiver process, is seeking to test a combination of network, wholesale and retail use cases for pole-top battery technology with a retail partner. It qualifies under the streamlined waiver process because the risks of cross-subsidisation do not arise due to the expenditure costs for the trial being allocated outside of the Regulated Asset Base (RAB).

The trial is seeking a range of outcomes, including understanding how cooperation with market participants can facilitate the rapid roll-out of storage devices. These devices can be used to address network constraints at lower cost, increase reliability, and provide direct customer benefits. In addition, we are seeking to develop pole-mounted battery storage connection standards which do not currently exist.

If the trial is successful, we envisage that early intervention through strategic partnerships, will expedite:

- the maturity of the non-network solutions market;
- network access to lower cost and quick to deploy non-network solutions; and
- customer access to lower cost, lower emission, resilient energy.

We would be pleased to discuss this application further with the AER. If you have any queries, please contact our Regulatory Strategy Manager, Adam Young on [REDACTED] or via [REDACTED]

Yours sincerely

[REDACTED]

Natalie Lindsay
Acting Executive General Manager – Corporate Affairs