

7 July 2021

Mr Mark Feather
General Manager
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Via email: AERringfencing@aer.gov.au

Dear Mr Feather

RE Electricity ring-fencing guideline review – draft Ring-fencing Guideline

TasNetworks welcomes the opportunity to respond to the Australian Energy Regulator's (**AER's**) electricity distribution draft Ring-fencing Guideline (**Guideline**).

TasNetworks is the Transmission Network Service Provider (**TNSP**), Distribution Network Service Provider (**DNSP**) and Jurisdictional Planner (**JP**) in Tasmania. TasNetworks is also the proponent for Marinus Link, a new interconnector between Tasmania and Victoria.

While TasNetworks is supportive of some of the proposed updates to the Guideline in relation to generation services related to stand-alone power systems (**SAPS**) and contestable services from batteries, there are other updates that raise concerns.

TasNetworks has contributed to and supports the Energy Networks Australia (**ENA**) submission and makes the following observations for emphasis.

The introduction of a broad-based exemption in the Guideline to enable a DNSP-led SAPS roll-out is supported by TasNetworks. However, there are concerns with the decision to use a threshold based on the number of SAPS forecast prior to the regulatory framework being finalised. TasNetworks is looking for opportunities for SAPS deployment, and given the uncertainty surrounding the regulatory framework, including ring-fencing obligations, has not undertaken detailed investigations to evaluate the practicality nor economics of any rollout of SAPS. As such, TasNetworks provided the forecast number of SAPS as an indication of the order of magnitude of SAPS deployment in Tasmania, rather than as a basis for threshold calculations.

The use of batteries, also referred to as energy storage devices (**ESDs**), is becoming an increasingly popular option for managing energy demands. However, there are concerns with the draft position whereby a DNSP may apply to the AER for a waiver 'in situations where a DNSP wants to supply excess capacity of a battery to a third party in circumstances where it considers the benefits outweigh the harm.' This process will likely add time, cost and uncertainty for DNSPs that would like to meet customer needs via the use of batteries. With there being no guarantee of gaining a waiver, the preference is for a process that does not discourage DNSPs from investing in batteries where there is an identified need. In addition, TasNetworks encourages the AER to consider a size based exemption for ESDs. This could allow small ESDs to be deployed, which could provide both a localised network support benefit as well as providing the community with a cost effective way to access batteries, especially in locations where this could make SAPS a more economical solution.

TasNetworks supports increasing the timeframe for reporting material breaches from five to 15 days. However, the reporting of non-material breaches within this timeframe is not supported as it would create an unnecessary administrative burden with little benefit and would best continue to be reported to the AER through the annual ring-fencing compliance report.

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