

Mr Mark Feather  
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Australian Energy Regulator (AER)  
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Submitted via email: [AERringfencing@aer.gov.au](mailto:AERringfencing@aer.gov.au).

### Australian Energy Regulator – Draft Ring-Fencing Guideline Version 3

Dear Mr Feather

WSROC is aware that the Australian Energy Regulator (AER) has released the *Draft Ring-fencing Guideline Version 3*<sup>1</sup> (electricity distribution) for public consultation, which includes draft provisions that have the potential to adversely impact on investment by distribution network service providers (DNSPs) in community batteries.

Specifically, the draft guideline suggests that DNSPs such as Endeavor Energy seek a waiver for each community battery it intends to install.

While we understand that this provision has been drafted with the intention of facilitating competition among non-network commercial players<sup>2</sup>, we believe that this regulatory impediment, only impacting DNSPs, will effectively exclude distribution networks from the market.

We understand that this is not merely a concern for Endeavour Energy but is also shared by the industry, including other DNSPs and the peak industry body, Energy Networks Australia.

Limiting the role of DNSPs would significantly slow the deployment of community batteries in NSW, because unlike other commercial players that have mostly focused on commercial scale batteries (showing little interest in less profitable community batteries), DNSPs are actually focusing on the delivery of this solution for its customers.

WSROC and its member Councils have worked closely with Endeavour Energy on many projects, and we believe that the provision of community batteries is best served by a partnership model that involves multiple parties including network providers, community groups, local government and retailers.

It is counter-productive to restrict the ability of some of these stakeholders to form effective partnerships that unlock the full value of community batteries, making them commercially viable and accessible to customers.

The draft guideline not only has the real potential to slow investment but could have the unintended consequence of hindering rather than facilitating competition.

WSROC is unconvinced of the need for AER intervention, there is little evidence that it is required, especially so at a time when no other parties have shown the same level of interest and commitment as DNSPs to deploying these innovative services.

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<sup>1</sup> [AER position | Australian Energy Regulator](#)

<sup>2</sup> [AER Ring-fencing Guideline Version 3 Explanatory Statement - May 2021\\_0.pdf](#)

Of more concern is that the obvious and immediate benefit that community batteries provide, i.e., a substantial increase in community resilience, will be delayed or made unnecessarily difficult to achieve by the approach detailed in the guidelines.

There is no question that DNSPs are well placed to deploy community batteries and thereby deliver optimum benefits to the individual customer and their community, while also delivering environmental benefits that result from their incorporation into the grid.

These benefits include lowering participating customer energy bills, improving access to residential green power solutions, unlocking new customer services through offsite storage, lowering network solution costs (which lowers pressure on energy prices for all customers), supporting Councils' emissions targets and sustainability policies, and providing support for rooftop solar and other emerging technologies, such as electric vehicles through co-located EV charging stations.

Our experience with DNSPs demonstrate that they have the financial stability, technical capability, and knowledge of existing network constraints that can inform the safe and optimal deployment of appropriately sized batteries in a coherent program with consistent design principles.

We are informed that batteries provided by DNSPs such as Endeavour Energy would maintain retail contestability, meaning customers do not need to change their retailer to participate in their initiative.

WSROC strongly recommends that DNSPs should not be subject to any additional hurdles to deploying community batteries, we need to facilitate innovation and investment. This is not achieved by creating burdensome administrative processes that add no value to the desired outcomes.

Yours sincerely,

A handwritten signature in blue ink that reads "Charles Casuscelli".

Charles Casuscelli  
**Chief Executive Officer**