



8 July 2021

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

By email: [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)

Dear Mark

**Re: Draft electricity distribution ring-fencing guideline**

CitiPower, Powercor and United Energy and Total Environment Centre welcome the opportunity to respond to the Australian Energy Regulator's (AER) draft electricity distribution ring-fencing guideline (guideline).

CitiPower, Powercor and United Energy are together the largest group of distributors in Victoria, with more than 1.7 million customers.

Total Environment Centre is a community based organisation which has been active in the National Electricity Market since 2004, and has submitted five rule change requests around the role of distributed energy resources in the equitable decarbonisation of the NEM.

The Australian energy sector is undergoing a rapid transition. This necessitates a flexible regulatory framework that enables a rapid deployment of new technologies that can deliver multiple values across the whole energy sector, starting from local community benefits, to network benefits, wholesale market benefits and a faster enablement of renewable energy onto the grid.

Community batteries are set to play a critical role in this transition, to support growing distributed energy resources (DER) and the decentralisation of the grid that gives customers more local energy choices. It is therefore of priority the AER set up a framework that enables as many innovative projects in this space as soon as possible.

Distributors, local communities and other third parties will all play an integral part of the market development for community batteries. Blocking any of the potential market participants will slow down innovation, result in missed opportunities for learnings and technology development, and will ultimately result in poorer customer outcomes and a slower transition to renewables.

To enable a rapid roll-out of energy storage throughout communities, ring-fencing should promote the development of competitive solutions through the provision of a 'level playing field' for all participants. It should not eliminate or restrict distributors from entering those markets, particularly at a time of very early market development.

Special consideration should be given to proposals driven and supported by local communities, councils and similar non-commercial entities that are seeking partnerships with distributors on community batteries. We consider the partnership model gives the best outcome for customers, while sharing the responsibilities across partners in a way that aligns best with their skills set, knowledge and experience.

In cases where distributors are seeking to partner with community groups on joint projects, the waiver process should not inhibit or severely slow down this investment. In these circumstances, we support a process where:

- the distributor should not be required to tender out the provision of the competitive services, as a partial owner of the battery. If the distributor's contribution to the project is unlocking the value of benefits from network services support, the project partner (i.e. community group) should be allowed to run their own process for unlocking the remainder of the value stack
- the cost and benefit analysis of the project, as required as part of the waiver process, should expand to include the community and sustainability value to the specific community, which is not typically part of the AER's cost/benefit analysis. This will ensure that projects that are truly supported by the local communities can go ahead even if the full value cannot be typically quantified.

Should you have any queries about this submission please do not hesitate to contact Sonja Lekovic on 0418 166 169 or [slekovic@powercor.com.au](mailto:slekovic@powercor.com.au).

Yours sincerely,



Mark de Villiers  
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**CitiPower, Powercor and United Energy**



Mark Byrne  
**Energy Market Advocate**  
**Total Environment Centre**