

26 October 2020

Ms. Clare Savage  
Chair  
Australian Energy Regulator

*Sent via email*

Dear Ms. Savage,

### **United Energy – Ring-fencing Waiver – October 2020**

Energy Networks Australia is writing to the Australian Energy Regulator (AER) regarding United Energy's October 2020 ring-fencing waiver application<sup>1</sup>, which requests approval for United Energy to lease the storage capacity of pole-mounted battery energy storage system (BESS) units to a retailer partner as part of a trial project.

Energy Networks Australia is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

United Energy is proposing to install 40 new pole-mounted BESS units in the low voltage network as part of a trial to provide network peak demand support. In order to deliver the greatest benefits to consumers and a lower cost outcome for consumers from the installation of the BESS units, United Energy is proposing to partner with a retailer selected under a competitive process.

The aim of the trial, which will also be done in partnership with the Australian Renewable Energy Agency (ARENA), as stated by United Energy, is 'to determine whether BESS units can defer or avoid network augmentation, and support the transition to renewable energy, using a model that is scalable through the stacking of network and market benefits to deliver the greatest benefit to consumers.'

Australia's energy system is undergoing a significant transition, moving away from large centralised coal and gas generation to smaller scale dispersed generation that is increasingly renewable generation, with the transformation occurring both at grid scale and at the individual customer level.

Energy Networks Australia strongly supports an innovative and flexible regulatory framework that is in the long term interests of customers, and notes that the knowledge sharing obligations stemming from the ARENA partnership will ensure that the broader industry (and consumers beyond those connected to United Energy's

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<sup>1</sup> United Energy, Ring-fencing Waiver Application, 12 October 2020.

network) also benefit from the trial. Ring-fencing, as highlighted by the Energy Security Board<sup>2</sup>, should not place unnecessary constraints that then inhibit innovation, especially in our transitioning energy system.

Energy Networks Australia therefore supports United Energy's ring-fencing waiver application and more broadly supports the AER's forthcoming review of the ring-fencing guideline to ensure that the framework is fit-for-purpose. In particular, networks should be able to offer battery services where it is in the long-term interests of customers.

If you have any questions, please do not hesitate to contact me, or Lucy Moon, Head of Regulation on [lmooon@energynetworks.com.au](mailto:lmooon@energynetworks.com.au).

Yours sincerely,



**Andrew Dillon**  
Chief Executive Officer

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<sup>2</sup> Energy Security Board, Health of the National Electricity Market Volume 1, 24 February 2020, page 39.