



ENERGY MARKET TRANSFORMATION BULLETIN THREE – WORK PROGRAM UPDATE

Background

The energy sector is undergoing a major transition, driven by changing technologies, increasing consumer engagement, new business models and climate change policies. The Energy Council seeks to support the development of competitive electricity markets with low barriers to entry, which foster innovation, customer choice and support the delivery of efficient services that serve the long-term interests of consumers.

As part of this work program, on 19 August 2016, the Energy Council endorsed the release of three consultation papers seeking stakeholder views and feedback on three topics, namely energy (battery) storage, stand-alone systems, and consumer protections. Consultation papers can be found [here](#).

Consultation Outcomes

A large number of submissions were received for each consultation paper. At the 14 December 2016 Energy Council meeting, the Energy Market Transformation Project Team (EMTPT) officials presented the stakeholder feedback to Ministers and provided policy recommendations on the issue of battery storage registration.

Battery Storage

Ministers agreed in principle to develop a national energy storage register subject to a cost-benefit analysis.

In general, stakeholders supported the concept of establishing a national energy storage register (for distributed systems under 5 megawatt generation capacity) for the purposes of power system and network security, and protecting the safety of consumers, line workers and installers. Industry peak bodies, consumer advocates and network businesses in particular supported a register.

Stakeholders in the competitive sector, such as electricity retailers, were concerned that requiring storage systems to be registered would add costs and complexity to an emerging industry.

There were also concerns from some stakeholders about the protection of private information.

Ministers acknowledged the concerns raised in relation to the cost of establishing and operating a register, and protection of private information. In the first half of 2017, the EMTPT officials will commission a cost-benefit analysis which compares the option of a national register with other potential options for collecting the required information. They will also further investigate governance options and regulatory settings for a potential register.

With demand for energy storage already building, Ministers are aware of the urgency to set up a robust and sustainable mechanism to capture energy storage data. The EMTPT officials will present the results of the cost-



benefit analysis and provide policy recommendations to the Energy Council for consideration at its meeting in mid-2017. The officials are also continuing to work with Standards Australia to ensure development and implementation of appropriate standards to ensure the safe installation of energy storage systems is the number one priority, followed by appropriate standards on performance of the systems.

Peak industry bodies in the energy storage sector have been playing an important role in supporting the development of the emerging sector. The Australian Energy Storage Alliance has a database that lists commercial energy storage systems on a voluntary basis and displays these projects on an online mapping system for planning and research purposes. The Australian Energy Storage Council is also in the process of developing a database to track energy storage data. The Clean Energy Council and the Energy Storage Council have developed and have been providing energy storage installation and training guidelines for industry professionals. The EMTPT officials acknowledge the important contributions that these organisations, and the sector more broadly, continue to make in helping ensure that energy storage is understood, and that it will be installed to appropriate standards and effectively used by networks and consumers.

Stand-alone Energy Systems

Ministers noted the feedback provided by stakeholders to the Stand-alone Energy Systems Consultation Paper, and agreed that officials will provide policy recommendations

for the Energy Council to consider at its meeting in mid-2017.

Stakeholders acknowledged the regulatory challenges posed by stand-alone energy systems and that any regulatory model must be flexible to cater for the diverse manner in which these systems may be delivered to consumers.

There were contrasting views on the level of regulation that should apply to stand-alone energy systems. For instance, some stakeholders believe that the competitive provision of services mitigates the need for restrictive price and service regulation while others saw the lack of access to a competitive retail market as requiring a form price regulation and licencing. There were also a range of views on the need to extend energy specific consumer protections to customers of stand-alone energy systems.

There was general consensus around the importance of the clear provision of information, including comparative service standard and pricing information, to ensure informed decision making by customers. Stakeholder submissions also identified the major regulatory barrier to the provision of stand-alone energy services by distribution businesses as being the national regulatory framework functionally preventing the use of non-interconnected stand-alone energy systems in delivering regulated network services.

Consumer protections

Ministers noted the feedback provided by stakeholders to the Consumer Protections for Behind the Meter Electricity Supply



**COAG
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Consultation Paper, and agreed that the officials will provide policy recommendations at its meeting in mid-2017.

Consumer advocates called for greater consumer protections for behind-the-meter systems, with the views on the level of protection ranging from support for extending the National Energy Customer Framework (NECF) to more flexible options such as an exemption framework that would allow each proposal to be judged and an appropriate level of consumer protection applied. Retailers generally advocated for a streamlining of consumer protections with a view to avoiding additional regulation, or in some submissions, reverting as much as possible to the universal protections offered by the Australian Consumer and Competition Act (Australian Consumer Law).