



13 July 2021

General Manager, Consumers and Markets
Australian Energy Regulator
Ring-fencing Guideline – Electricity Distribution

Via email: AERringfencing@ aer.gov.au

Draft Ring-fencing Guideline – Electricity Distribution version 3, May 2021

The Southern Sydney Regional Organisation of Councils (SSROC) is an association of 11 councils spanning Sydney's southern, eastern and inner west suburbs, as well as Sydney CBD, covering a third of the Greater Sydney's population, or 1.7 million people. SSROC provides a forum through which member councils can interact, exchange ideas and work collaboratively to solve regional issues and contribute to the future sustainability of the region, being inclusive outside of the SSROC membership. SSROC advocates on the behalf of our region to ensure that the major issues are addressed by all levels of government.

SSROC manages a Street Lighting Improvement (SLI) Program, with 29 councils in metropolitan Sydney, the Central Coast and Hunter. We have successfully engaged in multiple AER pricing reviews, secured agreements on new technology and helped drive improvements in the provision of public lighting services by Ausgrid, which owns most of the street lighting across metropolitan Sydney, the Central Coast and Hunter.

The above consultation has recently been brought to our attention by Ausgrid, the DNSP for the area covered by SSROC. The guideline and related explanatory statement indicate that the proposed changes will have implications for councils, particularly with regards to community batteries. Stand-alone power systems may also be of interest, particularly to councils that are less well served by the grid.

SSROC member council Canterbury Bankstown is conducting a trial with Ausgrid using a community battery to allow households to store excess solar power and draw on the battery as required. The trial aims to demonstrate a number of things, including that a centralised battery can:

- help to reduce costs for households by between \$50 and \$250 each year; and
- be used to better manage load on distribution networks.

Other SSROC member councils would like to conduct similar community battery trials. We understand that a trial is also being conducted in Beacon Hill (Northern Beaches Council), and another is planned for Lake Macquarie City.

Ausgrid has shared its draft submission with councils. Our review of the documents and the draft submissions suggests that there could be both positives and negatives to the proposed changes. Certainly, we are keen to answer the questions that the current trials are addressing, as the technology appears to offer a very effective and efficient mechanism for making better use of available renewable resources as well as of the existing grid infrastructure. Any regulatory changes that better enable this to happen would be welcome.

SSROC to date understands that the potential of community batteries to improve energy efficiency, the performance of the grid and use of renewable resources is significant. It would support our councils' efforts to achieve carbon emissions reduction and renewable energy targets. Stand-alone power systems would also be an enhancement to our energy infrastructure.

Comments

Given the complexity of National Electricity Rules, SSROC frankly lacks the expertise and the resources to respond directly to the consultation on the draft Guideline. In reviewing the summary of stakeholder submissions on the Issues Paper in this review, we note more broadly the lack of councils, council bodies and consumer bodies being engaged in this review.

As this is an area of significant interest for our member councils, we urge the AER to ensure that changes to the Ring-fencing Guidelines:

1. facilitate continuing trials of community batteries, and the establishment of more trials including by DNSPs;
2. enable these trials to demonstrate the validity of the propositions that they aim to substantiate;
3. ensure that councils have a decision-making role in the location of community batteries, to avoid uncontrolled proliferation, unsightly and unsafe locations, and to take into account local planning controls such as those relating to local character;
4. establish a register of community batteries to better track and record their installation, performance and outcomes;
5. ensure equity of access to batteries into the future, including regulating pricing if the market is not fully competitive;
6. ensure that any regulation at this trial stage of the market is appropriately light-handed, with the option of tightening left open for future regulation if needed to facilitate a healthy competitive market in community battery services should trials prove successful and market demand emerge; and
7. **Above all, SSROC recommends that the AER should actively seek the participation of councils, council bodies, communities and other non-industry participants in this and other relevant consultations at an early stage.** Such a program of consultation should be designed to educate the participants in the regulatory framework and enable them to have meaningful input to any regulatory decision.

In order to provide this submission as quickly as possible, it has not been possible for it to be reviewed or endorsed at a formal meeting of SSROC; I will be in touch should any issues arise as a result. Should you have any further enquiries in relation to this letter, please contact me by email ssroc@ssroc.nsw.gov.au or phone 02 8396 3800.

Yours faithfully,

A handwritten signature in black ink that reads 'H Sloan'.

Helen Sloan
Acting General Manager, Southern Sydney Regional Organisation of Councils