

11 February 2021

Kate Wild  
Director  
Australian Energy Market Commission

*Sent electronically*



Dear Ms Wild,

### **Submission to Integrating energy storage systems options paper**

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the AEMC's options paper.

Storage and hybrid facilities can provide a range of important services in the NEM and will be crucial to improving efficiency and delivering a zero-emissions future. However, the current regulatory framework prevents storage from being co-optimised across all the potential value streams in a way that effectively integrates and responds to the market. This is not in consumers' long-term interests and PIAC supports reforms to alleviate this in a timely way.

While PIAC cannot provide specific comments at this time on the options considered in the AEMC's paper, we consider priority should be given to options that do not impose undue registration obligations or costs on storage and hybrid facilities, and processes for storage to operate and participate in the market should be streamlined.

While storage can potentially provide a range of services in different markets, a storage facility will not be able to maximise all of these value streams all the time as there will inevitably need to be a compromise between delivering them. PIAC considers it would be inappropriate to require grid-scale storage to pay the full registration costs for all these markets separately as this may disincentivise the otherwise efficient entry of storage.

#### **Network-owned storage**

PIAC considers it appropriate for AEMO take on the additional responsibilities in the connection process for large storage projects owned by the Network Service Provider (NSP).<sup>1</sup> As the AEMC notes, this is a logical extension of AEMO's existing role and expertise.

However, PIAC does not consider this necessary or appropriate for smaller-scale NSP-owned projects such as community-scale batteries. This would introduce an undue burden on both the NSP and AEMO, complicating and potentially discouraging efficient projects. Instead, it may be preferable to allow an NSP to simply make a connection agreement with itself for projects below

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<sup>1</sup> Such as negotiating technical standards and approving the system strength impact assessment.

5 MW (to align with the existing standing generator exemption threshold) and/or connected within the distribution network.

**Continued engagement**

PIAC would welcome the opportunity to meet with the AEMC and other stakeholders to discuss these issues in more depth.

Yours sincerely,

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