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6 February 2019

Australian Energy Market Commission
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Ref: EMO0037
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Review of the regulatory frameworks for stand-alone power systems - Draft Report

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (**MEA Group**) thank the Australian Energy Market Commission (**AEMC**) for the opportunity to provide comments in relation to the draft report for *Review of the regulatory frameworks for stand-alone power systems*.

The MEA Group has reviewed and supports the Australian Energy Council's submission on this matter. In addition, we would like to draw the AEMC's attention to our concerns below.

The AEMC considers that these changes will primarily only apply to a limited number of edge of grid or 'fringe' customers in rural areas, where stand-alone power supply may be more efficient than continued grid supply. While this may be the intention, there is nothing to preclude other customers and /or distributors from seeking to apply this approach in other areas. For example, developers in new areas may seek to utilise a similar approach to avoid delays or costs of grid extension. Likewise, 'prosumers' utilising renewable energy systems and battery storage may seek to achieve similar off-grid outcomes.

We would encourage the AEMC to explore these potential developments carefully, as these new regulatory frameworks have the potential to become the model to be adopted in such cases. Factors that would need to be considered include the loss of efficiency that occurs from the disaggregation of the grid, the complexity in both operation and communication that may result (e.g. messaging about load-shedding, demand management and demand response), and potential allocation concerns (e.g. 'residual' grid customers bearing greater costs/risk).

While we are supportive of frameworks to enable efficient investment in standalone power systems, we also remind the AEMC that any framework must consider the wider long-term impacts on efficient investment across the system, if it is to comply with the National Electricity Objective.

If you have any queries or would like to discuss this matter please do not hesitate to contact me.

Yours sincerely,

Ed McManus
CEO of Meridian Energy Australia and Powershop Australia