



31 January 2019

Mr Owen Pascoe
Australian Energy Market Commission

Lodged online: www.aemc.gov.au

Dear Mr Pascoe,

Regulatory sandbox arrangements to support proof-of-concept trials

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on this initial consultation to investigate the possible use of regulatory sandbox arrangements to support proof-of-concept trials.

Origin is a large Australian integrated energy company with activities in energy retailing, power generation and natural gas production. Origin also has recent experience in exploring new product offerings through our Origin Innovation Hub (O hub). This has been designed to create an unconstrained space where we can rapidly develop new products for our customers, without the burdens of day-to-day activities. So far, our O hub has focused on areas such as solar & storage and connected homes.

We believe there may be merit in exploring the concept of a regulatory sandbox further, in tightly prescribed circumstances. However, we note the large volume of regulatory consultations currently underway and consider this particular consultation to be of a lower priority.

From our experience, we have not seen much evidence that the NEM regulatory arrangements are preventing trials from happening. Rather, the NEM rules tend to impact the economics of a technology or a business model, more than constrain the ability to deploy it at all. That said, some comments which may be relevant include:

- **Retailer/network distinction:** a bias that does exist in the NEM arrangements is around who can pursue what activities i.e. does it fall into the generator, network or retailer function. The rules generally assume that networks have responsibility for hardware and infrastructure (such as load control) whilst retailers are responsible for customers. Many new technologies involve customer level hardware so they straddle this divide. Potentially a sandbox could help some trials in this area.
- **Ofgem model:** it appears that this provided a mechanism for businesses to navigate the rules first and didn't necessarily result in progress to a regulatory sandbox. It would be interesting to understand the types of proposals that went through the Ofgem model and the number and type that went to a sandbox trial and/or business incubation.
- **ASIC model:** which provided exemptions to some rules and licences in limited circumstances may be worth exploring further. However, due to the nature of energy supply it would be

important to have minimum standards for any sandbox trial to ensure security of supply and customer service.

- AER no action rules: as discussed in the consultation paper, these are appropriate in limited circumstances and not necessarily the solution to fostering trials on a broader scale.

We are a member of the Australian Energy Council (AEC) and generally support the submission made by that association.

If you wish to discuss any aspect of this submission further, please contact Matthew Kaspura at matthew.kaspura@originenergy.com.au or on 02 9503 5178.

Yours sincerely,



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