



8/08/2019

Mr John Pierce  
Chairman  
Australian Energy Market Commission (AEMC)  
PO Box A2449  
Sydney South NSW 1235

Via electronic lodgement

To John,

### **Regulatory Sandbox Arrangements to Support Proof-Of-Concept Trials**

Thank you for this opportunity, to provide feedback on the proposed Regulatory Sandbox Arrangements.

Mondo is an energy assets and services provider, with an ongoing energy innovation program. Within our short history, Mondo has developed several innovative projects including the Ballart Battery Energy Storage System, a mini-grid that provides voltage control services and the development of a community-based energy monitoring and control platform. Our experience in these projects has often identified regulatory hurdles and we welcome the AEMC's proposed Regulatory Sandbox arrangements as a practical means to advance the energy transformation.

### **Innovation Inquiry Service**

We note that energy markets and regulations are complex and often poorly understood. Even where there are no material regulatory barriers, this lack of understanding is a challenge in itself. The proposed Innovation Inquiry Service is a practical way to overcome these challenges. The service may also be enhanced through the development of high-quality educational materials. Ideally, these would focus on areas of common interest to innovators rather than being regulation specific. For instance, an educational pack may focus on identifying broad regulatory issues relevant to Stand Alone Power Systems (SAPS) or peer-to-peer energy platforms.

Workshops may also be a cost-effective way to engage larger numbers of innovators on similar topics. The A-Lab workshops carried out by ARENA provide a good example of how this can be carried out.

To be effective, the innovation inquiry service should be able to provide comprehensive regulatory information. Ideally this would include information covering the NER, market processes and jurisdictional requirements. While it may not be appropriate for the AER to provide advice on all these issues, they

**Bright future.**

may be able to coordinate with other bodies to provide appropriate materials and contacts, and arrange complementary programs.

### **Prioritising projects**

We expect that sandbox arrangements will prove popular with innovators and consequently, a level of prioritisation may be prudent. We propose that the following criteria may provide a reasonable basis for prioritisation:

- Advancement of the National Electricity Objective (NEO)
- The ability of a waiver or rule change to support regulatory innovation and solve an underlying regulatory issue
- The number of applicants interested in a particular area

We also note that there may be value in combining a number of applicants into a single waiver application.

### **Knowledge Sharing**

Ideally the knowledge gained through the regulatory sandbox should be shared with a broad audience including regulators, innovators and industry participants across Australia. This could be achieved with knowledge sharing arrangements similar to those entered into with ARENA. We note that this need not result in the disclosure of technical, or commercially sensitive information. However it should at least disclose the nature of regulatory barriers and waivers, and regulatory outcomes.

The AER may also monitor waiver arrangements and report on outcomes, particularly as it relates to regulation and the NEO.

### **End of waiver arrangements**

Many innovators may intend to use a waiver as a way to build a business and establish a first mover advantage. Acknowledging this, some thought should be given to what occurs at the end of a waiver, and any pathways for extending a project, especially where that impacts on consumers. We propose that end of waiver pathways may include the following:

- Extending the waiver
- Applying for a new waiver scope (with different scope and perhaps wider application)
- Proposing a rule change
- Terminating the waiver or trial rule change

Whatever the next steps are at the end of a waiver or trial rule change, it is important that applicants are advised early and credible arrangements are in place for consumers should the waiver terminate.

Please feel free to contact Daniel Brass, our Market Insights Lead, ([daniel.brass@mondo.com.au](mailto:daniel.brass@mondo.com.au), ph:0488135557) if you have any questions in relation to this submission.

Regards,



Margarida Pimentel

### **Manager Policy and Insights**