

20 September 2021



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Dear Kate and Joel,

Ausgrid welcomes the opportunity to provide this submission on the Australian Energy Market Commission's (**AEMC**) Draft Rule Determination on integrating energy storage systems into the National Electricity Market Energy Resources (**the draft rule**).

Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometers from the Sydney CBD to the Upper Hunter. As a Distribution System Operator (**DSO**) we have an important role in providing safe, reliable, and efficient network services that enable customers and communities to get the most value from DER investments and supports the transition to distributed and renewable energy system.

Ausgrid generally supports the AEMC's direction in the draft rule and acknowledges the significant engagement the AEMC has done in the lead up to this decision. We do, however, encourage the AEMC to consider how the rules will apply to smaller network-owned energy storage devices, generally smaller than 1MWh in size. To get the full value out of these batteries network businesses are trialing leasing out of spare capacity to registered market participants for use in contestable market services.

Due to size of these storage devices they would be exempt batteries from a market perspective and would likely form part of a Virtual Power Plant that incorporates several assets. It will be useful for the AEMC to consider and clarify if exempt network-owned energy storage devices must also make use of a separate operator to file a connection agreement (which is largely aimed at ensuring a third party is involved in performance standards and system strength assessments) or if other arrangements would apply for these.

Should the AEMC have any questions in relation to this submission, please contact Alida Jansen van Vuuren, DSO Manager at [alida.jansenvanvuuren@ausgrid.com.au](mailto:alida.jansenvanvuuren@ausgrid.com.au).

Regards,

A handwritten signature in black ink, appearing to read "Alex McPherson", is enclosed in a thin black rectangular box.

Alex McPherson  
Head of Regulation