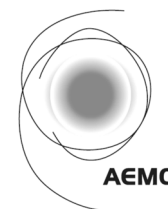


Integrating energy storage systems into the NEM (ERC0280) Report on rule not made within 12 months under NEL section 108A



Purpose

The Commission is required under s. 108A of the National Electricity Law (NEL) to publicly report on rules not made within 12 months of the publication of the notice of the commencement of the rule change process.

Background

On 20 August 2020, the Australian Energy Market Commission (AEMC) initiated a rule change request from the Australian Energy Market Operator (AEMO) to support the participation of storage systems in the NEM.

The rule change proposal sought to address issues AEMO had identified with how grid scale storages, aggregations of smaller generating and storage units, and new business models with a mix of technologies behind the connection point (hybrid facilities), register and participate in the NEM. AEMO's rule change request proposed to define storage and hybrid facilities, so that the National Electricity Rules could better recognise storage and connection points with bi-directional flows.

A consultation paper to seek feedback on the rule change request was published on 20 August, followed by an options paper for further engagement on 17 December 2020. An extension of time was given on 3 December 2020 to provide for engagement on the options paper. The draft rule determination was published on 15 July 2021, following a further extension of time in April 2021 as discussed below. The final rule determination is due to be published on 28 October.

This project dovetails with the work of the Energy Security Board's (ESB's) post-2025 market design project, particularly its workstream on Integration of DER and Flexible Demand.

Reason for the final rule determination not being made within 12 months

On 3 December 2020, the Commission extended the period of time for making the draft determination to 29 April 2021 under section 107 of the NEL. This allowed the AEMC to publish an options paper on 17 December 2020 to seek further stakeholder feedback on aspects of the rule change request.

On 27 April 2021, the Commission further extended the period of time for making the draft determination to 29 July 2021 under section 107 of the NEL. The Commission made this decision because there was a material change in circumstances as AEMO requested more time to consider the potential impacts from issues, not previously considered by AEMO, on its operating systems and procedures. The extension allowed the AEMC and AEMO to discuss and consider these issues, and for the AEMC to include these in the draft rule determination for engagement with stakeholders.

Expected time for making a final rule determination

The final rule determination is due to be made by **28 October 2021**.