

20 July 2021

**General Manager
Consumers and Markets
Australian Energy Regulator**

Email: AERringfencing@aer.gov.au

Re: Australian Energy Regulator – Draft Ring-fencing Guideline

The Northern Sydney Regional Organisation of Councils (NSROC) is pleased to make this submission on the Australian Energy Regulator’s Draft Ring-fencing Guideline.

The Northern Sydney Regional Organisation of Councils (NSROC) is a voluntary association of eight local government authorities in Sydney. Our members are Hornsby, Hunter’s Hill, Ku-ring-gai, Lane Cove, Mosman, North Sydney, Willoughby City Councils and the City of Ryde. NSROC assists member councils to collaborate on key issues and activities to develop regional solutions that generate benefits – social, environmental and economic – for their communities and for the region as a whole.

NSROC member councils service an area extending from the Hawkesbury River in the north to Sydney Harbour in the south, west to Meadowbank on the Parramatta River. The Gross State Product (GSP) for NSROC is estimated at \$70.24 billion, or around 11% of the state's GSP (economy.id, 2019). The economy provides over 400,000 jobs (NIEIR, 2020).

The Northern Sydney Region, as an established region, is experiencing residential densification and demographic change. In 2020, the NSROC Region had an Estimated Resident Population of 655,817 (profile.id), representing 8% of the NSW total, with a population density of 10.26 persons per hectare. The region has limited new release development areas and faces considerable cost constraints in sourcing land for community infrastructure.

NSROC has only recently been made aware of the implications for member councils of the draft Ring-fencing Guidelines with regard to community batteries. Community batteries allow our community members to participate in adopting renewable energy more fully by enabling households to store excess solar power and draw on the battery as required.

The distributed network supply provider (DNSP) for the area covered by NSROC is Ausgrid. We are monitoring the operations of two trials currently under way in partnership with Ausgrid. One in the Northern Beaches Council area (Beacon Hill) and the other in Canterbury Bankstown Council area. These trials will demonstrate a number of benefits, including that a centralised battery can:

- help to reduce costs for households by between \$50 and \$250 each year; and
- be used to manage the load on distribution networks better.

The feedback from our member councils indicates that community batteries appear to offer an effective and efficient mechanism for making better use of available community owned renewable resources as well as optimising existing grid infrastructure. The potential to improve energy efficiency, the performance of the grid and increased use of renewable resources within the community is significant.

The deployment of such systems would support our councils' efforts to achieve carbon emissions reduction and renewable energy targets. Stand-alone power systems would also enhance our energy infrastructure as they offer increased resilience in times of grid failure.

As this is an area of significant interest for our member councils, we urge the AER to ensure that changes to the Ring-fencing Guidelines:

1. Facilitate continuing trials of community batteries, and the establishment of more trials, including by DNSPs;
2. Ensure that councils have a decision-making role in the location of community batteries to avoid uncontrolled proliferation, unsightly and unsafe locations, and to take into account local planning controls such as those relating to local character;
3. Establish a register of community batteries to better track and record their installation, performance and outcomes;
4. Ensure equity of access to batteries into the future, including regulating pricing if the market is not fully competitive;
5. Ensure that any regulation at this trial stage of the market is appropriately light-handed, with the option of tightening left open for future regulation if needed to facilitate a healthy competitive market in community battery services should trials prove successful, and market demand emerge; and
6. AER should actively seek the participation of councils, council bodies, communities and other non-industry participants in this and other relevant consultations at an early stage. As the implications of proposed changes to the current guideline are complex, such a consultation program should be designed to educate the participants in the regulatory framework and enable them to have meaningful input to any regulatory decision.

We have noted that the consultation period has passed, but we would request you to consider our views as you finalise the Guideline.

If you require further information, please don't hesitate to contact me on 0401 640 823 or by email at mmontgomery@lanecove.nsw.gov.au.

Yours sincerely,



Dr Meg Montgomery
Executive Director