

10 October 2024

Ms Ilaria Barletta
Project Leader
Australian Energy Market Commission
Lodged electronically via [AEMC online portal](#)

Dear Ms Barletta

Response to AEMC's draft rule determination on the retailer reliability obligation

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC) draft rule determination on the Retailer reliability obligation (RRO) exemption for scheduled bi-directional units published in August 2024.

CEIG represents domestic and global renewable energy developers and investors, with more than 16GW of installed renewable energy capacity across more than 76 power stations and a combined portfolio value of around \$38 billion. CEIG members' project pipeline is estimated to be more than 46GW across Australia. CEIG strongly advocates for an efficient transition to a clean energy future on behalf of the investors who will provide the low-cost capital required for this transition.

Key Points

- **CEIG supports the draft rule determination** that exempts most storage assets (including batteries and pumped hydro) from being considered liable assets under the RRO.
- **CEIG believes the draft rule will provide immediate market and system benefits without impacting reliability or increasing costs for consumers, while also mitigating investment and operational risks associated with the**

RRO.

- CEIG acknowledges that like batteries, **pumped hydro faces compliance and liability costs under the RRO and can offer certain ancillary services to the grid.**
- CEIG emphasises the need to finalise this rule before the next RRO period begins in NSW and thus **supports the proposed commencement date of 15 November 2024.**

CEIG supports the draft rule determination

In response to the consultation paper released by the AEMC in May 2024, CEIG supported the proposed changes to the design of the RRO, specifically the exemption of scheduled bidirectional units from being considered liable assets by amending the definition of an RRO liable entity¹.

CEIG acknowledges that the AEMC has decided to make a more preferable draft rule that exempts most storage assets (such as batteries and pumped hydro assets) from being classified as liable entities under the RRO. CEIG supports this draft rule determination and believes it will bring immediate benefits to the market and system without causing reliability issues or increased costs for consumers. We expect that exempting these assets will mitigate both the investment and operational risks associated with the RRO, ensuring their full value can be realised.

CEIG appreciates the acknowledgement that pumped hydro storage assets are less responsive to market signals compared to batteries due to differing technologies and do not provide the full range of system-security services that batteries do. We also recognise that, like batteries, pumped hydro faces compliance and liability costs under the RRO when providing essential system services and can also offer certain ancillary services to the grid.

CEIG understands that the more preferable draft rule proposes a new term, 'exempt from market connection points', which defines how storage assets should be registered or classified at their connection point to qualify as an exempt market connection point. The draft rule determination describes how storage assets must be registered or classified as part of an 'Integrated Resource System' and meet the criteria of being a bi-directional unit with no other electricity consumption measured at the connection point. Otherwise, the entity remains liable under the RRO for all connection points that are not exempt. However, we note there is an exemption for storage assets in 'hybrid plants,' where the asset shares its connection point with another generator or load centre, such as a wind farm.

Support for the intended commencement date

CEIG emphasises the need to finalise the rule this year before the next RRO period begins in NSW. In our submission to the consultation paper, we recommended prioritising the rule

¹ CEIG (Jul-24) [Response to AEMC's Proposed Rule Change on the Retailer Reliability Obligation](#)

change for battery storage first and addressing hydro later, ensuring that the consideration of hydro does not delay a fast resolution for battery storage².

However, we note that in the draft rule determination, the AEMC acknowledged that the draft rule would be feasible to implement by the next potential contract position day (1 December 2024), as requested by CEIG and other stakeholders in submissions to the consultation paper. Therefore, CEIG supports the intended commencement date of 15 November 2024.

CEIG thanks the AEMC for the opportunity to provide feedback on its draft rule determination and looks forward to continued engagement on these issues. Our Head of Policy and Advocacy can be contacted at marilyne.crestias@ceig.org.au if you would like to further discuss any elements of this submission.

Yours sincerely,



Marilyne Crestias
Head of Policy and Advocacy
Clean Energy Investor Group Ltd
w: www.ceig.org.au

² CEIG (Jul-24) [Response to AEMC's Proposed Rule Change on the Retailer Reliability Obligation](#)