



Ms Stephanie Jolly
Executive General Manager, Consumer, Policy and Markets Division
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

16 September 2025

Dear Ms Jolly,

Ausgrid Community Power Network trial – issues paper

ENGIE Australia & New Zealand (ENGIE) welcomes the opportunity to respond to the Australian Energy Regulator (AER) and provide feedback on Ausgrid's Community Power Network (CPN) trial waiver application which seeks to test the benefits of a distribution network-led model for delivering more solar and battery assets.

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE operates an asset fleet that includes renewables, gas-powered generation, and battery energy storage systems. ENGIE also provides electricity and gas to retail customers across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

On balance, ENGIE does not support Ausgrid's CPN trial waiver application. While ENGIE supports innovative approaches to accelerate the deployment and orchestration of consumer energy resources (CER), ENGIE does not consider that the current trajectory of CER uptake or the healthy competition in the Virtual Power Plant (VPP) market justify DNSP involvement. ENGIE contends that a more appropriate path forward would be for Ausgrid to collaborate with existing market participants to help enable more efficient market outcomes while preserving competitive neutrality and delivering better results for consumers.

With this context in mind, ENGIE's submission to this consultation provides further detail on the current state of the CER and VPP market, the potential adverse impacts of Ausgrid's trial on competition delivering beneficial consumer outcomes, and alternative approaches Ausgrid could take to support CER orchestration through data-sharing and collaboration rather than entering into contestable services.

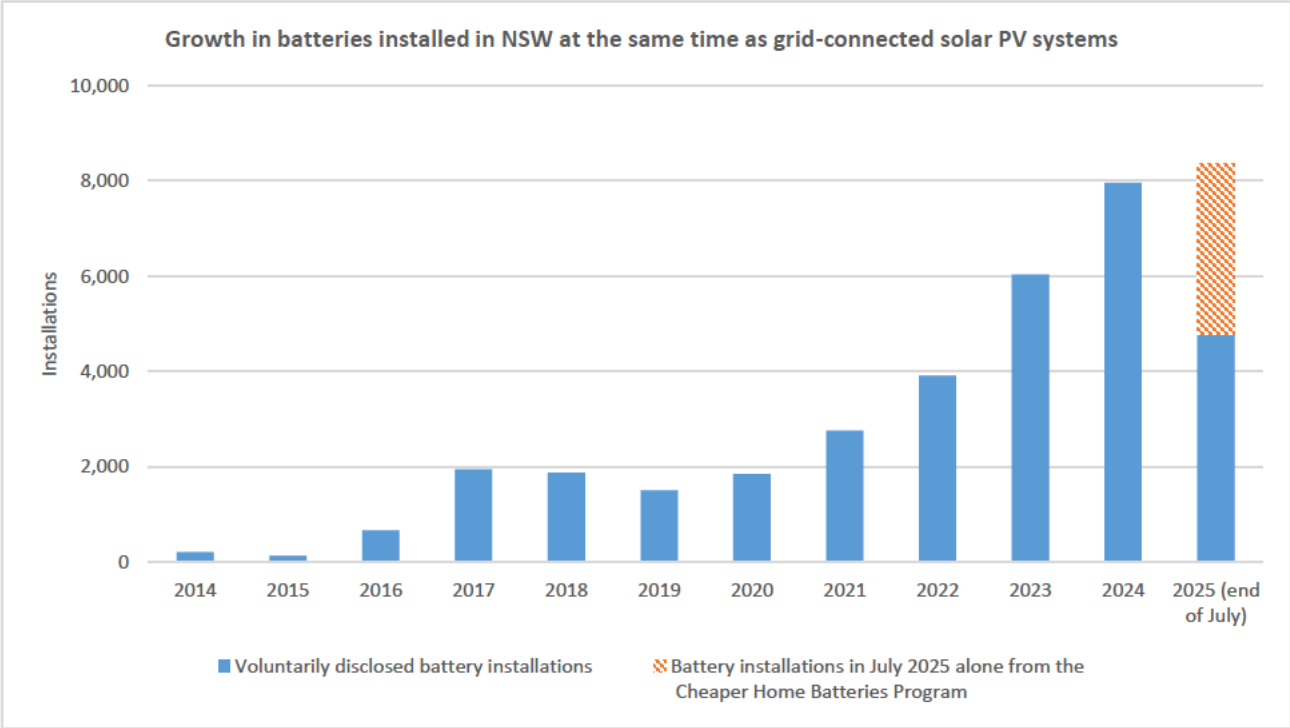
There is no evidence of market failure to justify Ausgrid entering contestable services to install batteries and orchestrate CER

ENGIE understands that in assessing Ausgrid’s trial waiver application, the AER is seeking to determine whether a market failure exists that would justify Ausgrid’s involvement to install and orchestrate CER. While barriers to universal CER adoption exist for some customer segments, ENGIE does not consider that Ausgrid’s proposal addresses a substantiated market failure in either the uptake or orchestration of CER.

In New South Wales, home battery uptake is accelerating rapidly. This has been primarily driven by the falling costs of home batteries in addition to government incentives such as the Australian Government’s Cheaper Home Batteries Program and incentive from the New South Wales Government to connect a solar battery to a retailer Virtual Power Plant (VPP).¹

The continued uptake of batteries by consumers is illustrated in Figure 1, which shows that installations in NSW have increased considerably year on year since 2019 best quantified by a greater than fourfold increase in the number of batteries installed in 2020 compared to 2024. In 2025 alone, cumulative installations to the end of July have also already surpassed any previous full-year total.² These trends point to the fact that there is no substantive market failure to justify DNSP intervention to accelerate CER uptake.

Figure 1 Growth in batteries installed in NSW at the same time as grid-connected solar PV systems



¹ In November 2024, the New South Wales Government introduced a battery rebate, but was discontinued in lieu of the Cheaper Home Batteries Program.

² ENGIE analysis; CER, *Historic voluntary data for battery installations with small-scale systems, 2025*. [Link](#); CER, *Installations under the Cheaper Home Batteries Program to July 2025, 2025*. [Link](#).

ENGIE considers it may be more prudent to allow the market and policy environment to continue delivering beneficial outcomes to consumers, particularly given Ausgrid has indicated that the first wave of solar and storage assets will be in place and actively managed by mid-2027.³ By that time, the Cheaper Home Batteries Program will have been enabling consumers to receive a discount on their home battery for approximately two years and is likely to have further accelerated the growth in battery uptake.

Ausgrid's proposal may adversely impact the role of competition in delivering consumer outcomes

ENGIE agrees with the AER that competition is generally the most efficient way to deliver energy services for consumers. In the CER orchestration space, the Australian Competition and Consumer Commission observed signs of innovation and product differentiation and a high level of participation from newer and smaller energy service providers which are signs of healthy competition.⁴

As such, ENGIE doubts whether there is the need for Ausgrid to assume an orchestration role in a market that is already delivering innovative and consumer-focused outcomes through competition. This concern is especially relevant given Ausgrid is the only entity with visibility across all customers, network constraint data, and augmentation pathways, enabling it have a competitive advantage over market participants as to the placement of CER.

Dispatch inefficiencies may be exacerbated if orchestrated CER is invisible to the Australian Energy Market Operator (AEMO)

ENGIE's overarching view is that any orchestration activities undertaken by Ausgrid should be visible to AEMO to avoid dispatch inefficiencies and higher prices for consumers. Visibility of dispatch is a known gap that has been highlighted in the National Electricity Market Wholesale Market Settings Review as a key area for reform.⁵ The review calls out inefficiencies in AEMO's pre-dispatch process caused by the lack of visibility over CER which means AEMO cannot accurately forecast an efficient dispatch level. While this issue may be resolved by consumers participating in a retailer-led VPP, ENGIE seeks clarity as to whether Ausgrid's proposed trial will also make these assets visible to AEMO so that the trial does not inadvertently contribute to higher wholesale costs for consumers.

Trial outcomes could be achieved as effectively through collaboration with market participants

ENGIE notes that Ausgrid has previously undertaken innovative projects by working with industry to deliver customer benefits. For example, ENGIE understands that Ausgrid's Project Edith tested a dynamic pricing model in collaboration with Reposit Power, combining network and customer usage data to enable Reposit

³ Ausgrid, *Community Power Network Proposal*, 2025. [Link](#).

⁴ ACCC, *Inquiry into the National Electricity Market - July 2025 Report*, 2025. [Link](#).

⁵ Nelson et al., *National Electricity Market Wholesale Market Settings Review – Draft Report*, 2025. [Link](#).

to respond to dynamic price signals which demonstrated how DNSPs can support innovation without directly entering contestable markets.⁶ Ausgrid then onboarded other retailers to scale up the model.

A similar model could be applied to the CPN trial. Rather than orchestrating CER assets, Ausgrid could share insights from its proposed spatial energy plan with market participants to help them understand locations where deployment of CER could help to address peak demand challenges while reducing the need for network augmentation. The success of a more collaborative model could be further augmented by the existing mechanisms that Ausgrid likely already has to manage peak demand, such as demand tariffs.

Conditions around reporting obligations and scope should accompany any approved waiver

ENGIE considers that, should the AER grant a waiver, it must be accompanied by clear benchmarks that define success as well as appropriate conditions. For example, a waiver should come with clear reporting and information gathering requirements which appropriately assess consumer benefit, competitive neutrality, and network impacts. It may also be beneficial to contain the scope of any waiver to customer segments where more pronounced barriers exist to CER uptake (i.e. rentals, community housing, and apartments in strata) on the condition that the trial is designed to complement existing market activity.

It is also not clear to ENGIE whether some activities proposed to be undertaken by Ausgrid, specifically the CPN dividend payment, may trigger the need for Ausgrid to hold an Australian Financial Services Licence. While the answer to this question falls outside the scope of this submission, ENGIE suggest Ausgrid provide further clarity on this matter to ensure appropriate compliance and that consumer protections are upheld.

Concluding remarks

ENGIE looks forward to working actively with the AER support efforts to accelerate the uptake of CER, while also considering the impact of Ausgrid's proposal on market participants seeking to deploy and orchestrate CER in a largely well-functioning market.

Should you have any queries in relation to this submission, please do not hesitate to contact me, by telephone, on [REDACTED].

Yours sincerely,

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Regulatory Advisor

⁶ Ausgrid, *Project Edith*, 2025. [Link](#).