

28 January 2022

Mr Mark McLeish
AER Sandboxing Team
Australian Energy Regulator

Sent via email

Regulatory Sandboxing: Issues Paper

Dear Mr McLeish,

Energy Networks Australia (ENA) appreciates the opportunity to make a submission to the Australian Energy Regulator's (AER) consultation on the AER's proposed approach to delivering the Regulatory Sandboxing toolkit.¹

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

Innovation is a key driver of long-term customer value, and ENA strongly supports the introduction of the proposed regulatory sandboxing toolkit, which will make it easier for innovators to trial their proposed services in a real-world environment and will be an enabler to the energy transition that is currently underway.

ENA supports the AER consulting early on the Trial Projects Guidelines as a package with the Innovation Enquiry Service (IES) ahead of sandboxing legislation coming into force. It is helpful for stakeholders to understand how the IES fits within the overall sandboxing toolkit and may also allow the AER to conduct the formal Trial Project Guideline consultation process more efficiently once the legislation is enacted. However, this early consultation should not bypass the formal process in any way.

Tiered waiver application approach

ENA recommends that the AER consider a tiered trial waiver application approach to improve efficiency, with low-risk waiver applications subject to less onerous requirements than higher-risk applications. Likewise, submissions on trial waiver applications should run for at least, rather than a maximum of, 20 business days reflecting a potential need to extend timeframes for more complex applications.

It is important that key delivery partners, such as network service providers, are involved early in the development of any potential trial to ensure safety, reliability and system security are not adversely impacted. This will also ensure that network service providers are ready to support early with trials and provide expert advice where appropriate.

¹ Australian Energy Regulator, [Regulatory Sandboxing: Issues Paper](#), November 2021.

Information, knowledge sharing and reporting requirements

ENA agrees with the AER that to be successful, the administrative processes associated with using the sandboxing tools must not be unnecessarily cumbersome or burdensome.

We emphasise the need to ensure that the information, knowledge sharing, and reporting requirements do not inadvertently create an unnecessary barrier to the development of innovative technologies, products and services.

For example, it may be difficult for an applicant to demonstrate the benefits to consumers as part of the trial waiver application process, given the lack of precedent. Therefore, there is likely benefit in requiring applicants to *identify*, rather than demonstrate, the potential benefits to consumers as part of the trial waiver application information requirements.

In addition, the trial reporting requirements and knowledge sharing obligations should be applied in a flexible manner, with the scope and frequency of reporting and knowledge sharing dependent on the nature and duration of the trial. For example, it may be appropriate in certain circumstances for knowledge sharing to occur after the trial has been completed rather than during the trial. Where possible, reporting requirements and knowledge sharing obligations should align with any reporting that is already required as a result of other processes to avoid unnecessary costs.

Variation of trial waiver conditions

Varying trial conditions mid trial period must be approached with care to not undermine participation in the regulatory sandboxing process. ENA therefore recommends that the AER give further consideration and guidance on the potential application of a trial waiver condition that would allow the AER to vary the trial waiver conditions mid trial period – the application of this trial condition needs to be developed to not potentially undermine participation in the process.

If you wish to discuss any of the matters raised in this letter further, please contact Lucy Moon, Head of Regulation, on lmooon@energynetworks.com.au.

Yours sincerely,



Andrew Dillon

CEO