

28 July 2020

Ms Gabrielle Kuiper  
DER Strategy Specialist  
Energy Security Board

Electronic Lodgement to [info@esb.org.au](mailto:info@esb.org.au)

## Energy Networks Australia response to ESB Governance of DER Technical Standards Consultation Paper

Dear Ms Kuiper,

Energy Networks Australia is pleased to have the opportunity to make this submission in response to the Energy Security Board's (ESB) consultation paper ("paper") on Governance of DER Technical Standards.

Energy Networks Australia is the peak 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.

Energy networks are highly supportive of the ESB's efforts to improve energy security and technology standards for Distributed Energy Resources (DER) in the National Electricity Market (NEM) and by extension the Wholesale Electricity Market (WEM).

### Key Messages

- » A distinction between *urgent* (short-term, local impact and reactionary) and *important* (long-term, wide impact and considered). We believe the issues in SA are *urgent* and being addressed now by other work (i.e. SA Smarter Homes reforms), but the problems of the rest of the NEM are *important* and should be the focus of the Governance Committee ("committee") mentioned.
- » We are broadly supportive of the general framework outlined in the paper noting that this is the first of a series of consultations and that further details are still pending.
- » We would propose seats for both a Transmission and Distribution Network Service Providers (NSPs) as this will allow richer discussion of two critical aspects of technical DER integration.
- » We support the AEMC being the convener of the committee, noting that it fits well with its existing role as the rule maker of the NEM.
- » At this early stage, we believe a determining body seems to be an appropriate form for the committee to drive leadership.
- » The operational procedures for the Governance Committee must include a robust conflict resolution process and strong obligations for meaningful consultation.
- » In future consultation we ask that the ESB be mindful of how traditional roles (AEMO, DNSP, Retailers etc) may change and how this is accommodated into the consultation paper and the implementation of future standards

- » Compliance with standards is ineffective without a corresponding enforcement regime. We believe enforcement is a complex issue that must have a joint-industry response and will look different across jurisdictions.
- » We should leverage as many existing standards development processes as possible, without creating further work streams unless absolutely necessary.

## Problem definition and related work

We would like to make a distinction between two concepts that are important to contextualise the purpose of the committee. These terms are **urgent** (short-term, local impact and reactionary) and **important** (long-term, wide impact and considered).

Urgent issues are ones where the nature of the problem is such that there is no time for meaningful deliberation or consultation and therefore, we must react to address or overcome temporary conditions for a smaller number of stakeholders. Urgent solutions to urgent problems should focus on managing symptoms and be limited in scope because there is not enough time to fully consider the cost, appropriateness and long-term consequences of short-term decisions. In the current circumstances there are very few urgent NEM issues, voltage ride-through settings for South Australia (SA) being one notable case.

Important solutions are considered, long-lasting and address the fundamental problems for all stakeholders. This includes how we should develop a long-term approach for DER standards governance that makes sense socially and economically for the NEM and nationally (WEM & NT).

There are very few urgent solutions that can be successfully and appropriately applied to important issues. Any solution must be proportionate to the problem that it is trying to address. Simple, local and small adjustment may deliver appropriate benefits without the need for the development of complex or extensive NEM-wide changes. It will therefore important to categorise whether the issues considered by the Governance Committee are either urgent or important.

## Governance structure

Energy Networks Australia supports the proposal to form a DER Standards Governance Committee under the National Electricity Rules (NER) using the Reliability Panel as a model. We believe that this is an important step forward to solve a significant, long term gap in the integration of DER.

Due to the short consultation period we have not been able to fully gather the opinions of all of our members, but initial feedback indicates a support for a formal avenue to guide the direction of DER integration that is not short term and ad-hoc i.e. the AEMO DER minimum technical standards rule change currently being considered by the AEMC.

At this stage we support the committee to be determining, with some flexibility allowed for circumstances that do not impact the larger electricity system e.g. stand-alone power systems etc.

Noting that the paper does not specifically address the issue, we believe that given the number of stakeholders involved, it is critical to have a robust and fair dispute

resolution process to resolve differing views and achieve consensus. We would like to see further detail around mechanisms to encourage this in future consultation.

Obligation on the committee to undertake meaningful consultation is another critical issue that we hope to see detailed. We strenuously advise against light obligations to consult that is purely an exercise in “ticking boxes” to satisfy absolute minimum requirements.

We would also propose that there be two seats on the committee representing Transmission and Distribution NSPs under Market Participants.

The reason for this being that the effects of DER are not solely limited to the Distribution network, but also the transmission system noted in various AEMO reports such as the Renewable Integration Study. It is critical that there be specialised industry advice from stakeholders who are closest to the local (Distribution) and system (Transmission) issues associated with DER.

## Functions of the committee

Energy Networks Australia generally supports the initial responsibilities of the committee as outlined in section 4 of the paper. However we would like comment on specific points relating to:

### 1. Developing and setting technical standards

To avoid confusion of responsibilities, wasted effort and further costs we propose that the committee leverage as much of the existing Australia Standards processes as possible. It should only undertake or invest in new workstreams if there is not already an existing avenue to do so.

The role of the committee should be to consider the current and future strategic requirements of DER (standards) and help guide the development and implementation of those standards in a manner that is consultative and well governed.

The process for how a proposal for revision or development of a standard is managed needs to be developed, such as the process already in place for NER rule change proposals. The following questions should be considered as more details emerge

- Will anyone be able to propose a change or creation of standards?
- Will/should such a submission be made directly to the committee?
- How much authority does the committee have to make a more preferable recommendation for a standard (again analogous to the Rule Change process)?

Similar to the Reliability Panel, we would also like to see greater detail on a list of potential criteria which committee decisions are judged and evaluated against. We propose that a combination of quantitative assessment and the National Energy Objective be considered as a starting point.

One outcome that should be avoided is the use of rushed, ad-hoc solutions that are aimed at symptoms, but not underlying causes.

### 2. Compliance and enforcement

DNSPs have a regulated responsibility to maintain network voltage and safety requirements. This involves providing connections and specifying the standards that

those connections must meet. To our knowledge the current AS4777 is already incorporated into all connection requirements as a standard clause.

It is highly likely that future revisions (once published) will form part of future connection agreements and other relevant standards will be incorporated as needed. However, adherence to standards is not assured and is currently a challenge for DNSPs in managing voltage. Depending solely on connection agreements will not result in any practical or significant uplift of DER minimum performance without enforcement.

Enforcement is the only practical way of ensuring that the rules are being followed and the vision of the committee is being achieved. Ensuring compliance is complex as it encompasses the entire value chain from manufacturers of inverters, installers, networks, aggregators and consumers.

Enforcement of DER standards is also not the responsibility of the DNSP and not one they are funded to undertake. Greater collaboration between all stakeholders is needed to develop holistic, cost effective solutions to this issue. One approach may be to task local technical regulators with compliance (an option proposed in SA), but this would be subject to jurisdictional factors and may not be appropriate in all circumstances.

We thank the Energy Security Board for the opportunity to make a submission to this important work and look forward to working with them to ensure the energy future of Australia.

Should you have any queries on this response please feel free to contact Dor Son Tan, Head of Distribution at [dstan@energynetworks.com.au](mailto:dstan@energynetworks.com.au).

Yours sincerely,



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