



Clean Energy Council submission to the Australian Energy Market Commission's Consultation Paper:

National Electricity Amendment (Register of distributed energy resources) Rule 2018

Executive Summary

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback on the consultation paper on the National Electricity Amendment (Register of distributed energy resources) Rule 2018.

The CEC is the peak body for the clean energy industry in Australia. We represent and work with hundreds of leading businesses operating in solar, wind, hydro, bioenergy, marine and geothermal energy, energy storage and energy efficiency along with more than 5,000 solar installers. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

The CEC welcomes the proposal to establish a register of distributed energy resources (DER) and the associated rule change request. However, the experience of Queensland distribution network service providers (DNSPs) indicates that on its own, a compliance and enforcement approach will fail to achieve the objectives of the rule change proposal. We strongly urge the AEMC to consider the role that DER retailers (as distinct from DER installers) could play in ensuring the success of the register. The application of the Consumer Data Right to the energy sector provides an opportunity to create an incentive-based approach. Linking access to the scheme with verification of DER reporting would build support for the reporting framework and would ensure that the entire system does not rely on a compliance approach, which has already proven unsuccessful in Queensland.

We would be very happy to discuss these issues in further detail with the AEMC. We look forward to contributing further to this important area for policy development.

Responses to questions raised in the consultation paper

Assessment framework

1. Is the assessment framework appropriate for considering the proposed rule changes?

The assessment framework is appropriate and it should be reviewed in the context of the Department of Treasury consultation on the Open Banking Review and the Department of Energy and Environment consultation on the implementation of the Consumer Data Right in the energy sector.

2. Are there other relevant considerations that should be included in assessing the proposed rule change?

Yes. The assessment should consider the interaction of the proposed rule change with the implementation of the Consumer Data Right in the energy sector.

Benefits of a register

1. What are the likely uses of a distributed energy resources register?

The distributed energy resources register will be a helpful input to the development of the consumer electricity data access scheme, which we understand will also be operated by the Australian Energy Market Operator (AEMO). The consumer electricity data access scheme will support all of the proposed uses of the DER register (eg. assisting AEMO, distribution network service providers (DNSPs), end-use consumers, public sector stakeholders and emergency services). In addition, it will assist retailers, designers and purchasers of DER systems by dramatically improving the ability to design systems that are sized appropriately for the customer's load profile. It could also assist with the design and implementation of demand response programs.

A copy of the CEC's submission to Treasury and the Department of Energy and Environment regarding the implementation of the Consumer Data Right in the energy sector is included with this submission.

As outlined in the Consultation Paper, the register could:

- Assist networks to plan to ensure investment in the network is appropriate,
- Assist AEMO with load forecasting, particularly forecasting peak demand,
- Provide first responders and other workers with appropriate information to protect theirs and others safety,
- Assist consumers in the event of a DER product recall, and
- Assist consumers properly dispose of their DER when it comes to the end of its life.

2. How and to what extent could the static information provided by the DER register meet the objectives outlined by COAG Energy Council?

A register of static information would certainly assist with meeting the objectives outlined by COAG Energy Council. However, this proposal appears to have been superseded by the proposal for a dynamic register to be held by AEMO, as proposed by Treasury and the Department of Energy and Environment.

3. Are there any other ways that a distributed energy resources register could benefit the National Electricity market?

Yes. The register proposed for the implementation of the Consumer Data Right in the energy sector would also provide significant benefits for retailers, designers and purchasers of DER systems.

4. What features does a register need to have in order to meet the objectives outlined by the COAG Energy Council?

Inclusion of electricity consumption data would vastly improve the accuracy of load forecasting.

Expected costs

1. What costs do you believe would likely be involved in the collection of useful data about DER?

The AEMC has proposed a compliance approach to data collection. This will likely involve costs for the DNSPs to inspect and enforce compliance. There will also be costs involved in gathering information on systems that have already been installed but not reported. We note, for example, that the Queensland DNSPs are paying customers \$50 to report on batteries that were not registered at the time of installation.

2. Do you agree with the costs identified by Jacobs for different stakeholders? If not, why?

The Jacobs cost-benefit analysis is focused on the implementation costs for government. It has not addressed the costs for industry – eg. the additional regulatory burden for installers, data collection, compliance and enforcement costs for DNSPs.

3. Are stakeholders able to provide data or case studies that would support further quantification (in monetary terms) of any likely costs?

The cost of the time required for additional paperwork on the part of installers could be costed at around \$100 per hour (plus GST). The additional amount of time required for each application will depend on the level of detail required. For example, will the installer be required to record just the product details of the energy storage or will they also be required to record information such as inverter trip settings?

4. How might the nature and magnitude of these potential costs change over time?

The magnitude of compliance costs will almost certainly increase over time, in proportion to the growth of the energy storage market.

Governance framework for the register

1. Should 'small scale' systems be limited to generation systems below 5 MW? Should any further limitations be imposed (eg. a minimum capacity or a threshold in MWh for energy storage)?

There should already be sufficient information available on generators above 5 MW to ensure that collecting information through the register would be superfluous.

2. Is the NER definition of 'connection point' an appropriate spatial demarcation for 'behind the meter' DER? If not, what is an appropriate spatial demarcation for 'behind the meter' DER?

The 'connection point' is the appropriate spatial demarcation. Going beyond that (eg. to include data for consumers on an embedded network) would introduce significant more complexity and administrative burden for limited benefits.

3. Is a 'distributed energy resource' "an integrated system of energy equipment co-located with consumer load"? If not, what else could it be characterised as?

Not all DERs are co-located with consumer load.

4. To what extent should the types and capacity of DER eligible for inclusion in the register be defined in the NER or in an AEMO guideline?

The CEC understands that the Consumer Data Right will be implemented in the energy sector by amendment to the *Competition and Consumer Act 2010*. At this stage it is unclear how much of the framework would be included in regulations under the *Competition and Consumer Act 2010* and the extent to which changes to the NER will be required.

5. Should the nature of the information being collected and recorded in the register and any other requirements, such as how often parties need to report the data, be determined in an AEMO guideline?

It would be preferable to utilise a mechanism with more transparency and accountability than AEMO guidelines. Regulations under the *Competition and Consumer Act 2010* or the NER would be more desirable than AEMO guidelines.

6. What types of principles, factors and other criteria should AEMO be required to consider when developing guidelines on the collection and reporting of information on DER?

Consistency with regulations made under the *Competition and Consumer Act 2010* (if that is the government's preferred approach), minimising the regulatory burden on business, not always relying on enforcement and compliance mechanisms to collect data and wherever possible working in partnership rather than by relying on enforcement of rules.

Data collection and compliance

1. How often does the data need to be collected and updated to achieve the objectives of the DER?

The consumer electricity data access scheme proposes to make consumer electricity data available to third parties with 30-minute granularity. Updates on a 30-minute basis would be sufficient at this stage.

2. Do you agree that there is a need for consistency across network regions in what data should be collected?

Yes.

3. If DNSPs' connection application processes are considered a good method of collecting data, what changes are needed to existing processes?

The DNSPs' connection application process is a logical basis for data collection. However, it is unlikely to be sufficient. Energy Queensland has used a compliance approach to data collection for some time and has estimated that only about 30 percent of battery installations are reported. There is no reason to believe that the reporting rate would improve if the same approach is rolled out across all DNSPs.

4. Should obligations on parties other than DNSPs be considered to support data collection? If so, which parties are best placed to collect and report the data?

Yes, and the AEMC should also think beyond obligations, compliance and enforcement.

We understand, for example, that AEMO and the CSIRO are working on a proposal to pinpoint the location of unreported, grid-connected batteries using the data that AEMO will hold as part of its role in the implementation of the Consumer Data Right in the energy sector.

The AEMO proposal has also overlooked the important role that DER retailers could play. DER retailers are sometimes confused with installers, but their roles and responsibilities are quite different. The confusion is understandable, given that many installers are also DER retailers and DER retailers will sub-contract installers if they do not perform the installation themselves. The implementation of the Consumer Data Right in the energy sector provides an opportunity to bring retailers on board as supports and enforcers of the new reporting

obligation that is proposed to be placed on installers. For example, the proposed accreditation of data seekers under the Consumer Data Right framework could include an obligation to ensure complete reporting. The proposed spot checks and audits for accredited data seekers could include verification of DER reporting.

5. How would an obligation on the parties identified above best be applied and enforced?

The AEMC should think more creatively and move beyond a model that simply demands reporting by installers to DNSPs and DNSPs to AEMO. DER retailers could play an important role and will support the system if they see tangible benefits. The proposed consumer electricity data access scheme, to be operated by the AEMO, will be of major benefit to DER retailers, designers and purchasers. Linking access to the scheme with verification of DER reporting would build support for the reporting framework and would ensure that the entire system does not rely on a compliance approach that has already proven unsuccessful in Queensland.

6. Will a register be beneficial if the levels of compliance in relation to providing information are similar to the low levels of compliance with the DNSP connection application process? What levels of compliance are needed?

Partial information will be better than nothing. Clearly, high levels of compliance would be very desirable.

7. How else can compliance levels be improved?

Reporting rates will be improved if AEMO stops thinking about everything in terms of mandatory reporting and compliance. Although the CEC supports the proposed reporting and compliance approach, we are concerned that it will not be sufficient. The data collection process needs the support of the industry to be successful. There is an opportunity to build support by linking the reporting scheme to a system such as the accreditation process for access to the AEMO data register to implement the Consumer Data Right, which will deliver tangible benefits to the parts of the industry for whom there will be an additional administrative burden.

8. How can compliance best be maintained over time as technology changes?

Monitoring the behaviour of DERs is likely to be simpler over time as control and communication systems improve and as market rules are reformed to enable DER systems to participate in markets. Linking registration to incentives (such as the ability to participate in markets) is likely to be more successful than relying on a blunt enforcement approach.

Sharing data and privacy issues

Data sharing and privacy issues are being dealt with extensively and in great detail through the Open Banking Review and the processes to implement the Consumer Data Right in the energy sector. The AEMC should await the recommendations of those processes rather than running an overlapping consultation process that could confuse matters.

Safety issues and emergency response

The mechanisms proposed to implement the Consumer Data Right in the energy sector appear to also address the requirements of emergency services.