



Governance of DER technical standards

The AEMC has published its draft rule determination on the governance of distributed energy resources (DER) technical standards. The determination sets out actions to support the realisation of the benefits from DER.

Draft rule determination

The AEMC has identified five distinct roles that can be used to realise the benefits from DER technical standards and integration. The AEMC can action these roles, as needed, by:

1. identifying when the NEM needs new DER technical standards
2. working with the Energy Security Board (ESB) and the Australian Renewable Energy Agency (ARENA)'s Distributed Energy Integration Program (DEIP)
3. observing Standards Australia's DER committees
4. updating DER technical standards in the NER
5. reporting on progress adopting standards and integrating DER.

The AEMC will undertake each role to the extent existing initiatives, such as the ESB's DER Implementation Plan and ARENA DEIP workstreams, are not already addressing the NEM's needs from new and updated DER technical standards.

Recognising the importance of timely action, the AEMC is working proactively with other market bodies, industry representatives and Standards Australia to determine priorities for near-term action. To undertake any of the roles described in the draft rule determination, the AEMC will use its existing powers under the energy laws which provide it with significant flexibility.

The AEMC considers its approach in the draft rule determination provides maximum flexibility to respond to widespread stakeholder interest in a more clearly defined, and extensive, work program to address the development and implementation of DER technical standards in the NEM.

By using its existing powers, the AEMC can address urgent and necessary issues not being addressed elsewhere. For example, the AEMC's existing powers allow it to:

- initiate a review to address the issues raised by the rule change request, rather than introducing new rules, to support the work on DER technical standards
- convene a committee or panel (such as a committee of independent DER experts and industry representatives), rather than prescribing in the NER a standing committee on DER technical standards
- consider DER technical standards as part of a potentially broader work program associated with the NEM's technical integration of DER.

Further, the draft rule determination approach:

- avoids duplicating existing arrangements and initiatives
- provides potential benefits from maximising flexibility to technically integrate DER.

The Commission is satisfied its approach meets the NEO more efficiently than the rule change request's proposed governance arrangements. The draft rule determination is therefore to not make a rule.

Context

Consumers in the national electricity market (NEM) continue to install new distributed energy resources (DER) at an unprecedented rate. DER covers a range of devices such as rooftop solar panels, battery storage systems, electric vehicle chargers and smart appliance such as pool pumps. With the continued transition to a more decentralised power grid, the technical standards for how these DER devices perform in a range of circumstances will become increasingly important for the security and reliability of the distribution networks to which these devices are connected and ultimately the NEM.

Rule change request

In September 2020 Dr Kerry Schott AO, as Chair of the ESB, submitted a rule change request seeking to introduce new governance arrangements for DER technical standards in the NEM. The intent of the request was to address the perceived need:

- to implement consistent technical standards across the NEM
- for a fast, flexible and transparent standards setting process.

Specifically, the rule change request proposed creating a standing committee under the National Electricity Rules (NER) to assess and, if needed make, DER technical standards for the NEM. Reporting to the AEMC, the committee would consist of a mixture of DER industry, consumer and market body representatives. The committee's proposed functions could include determining new DER technical standards and otherwise providing advice to the AEMC on related issues.

The rule change request also asked the AEMC to consider whether any changes to the National Energy Retail Rules (NERR) are required to give effect to its proposed changes.

Further stakeholder consultation

The AEMC invites written submissions on the draft rule determination by COB Thursday 3 February 2022.

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