

3 February 2022

Andrew Swanson
Senior Adviser
Australian Energy Market Commission

Submitted online

Dear Mr Swanson,

RE: Governance of DER Technical Standards Draft Determination

Energy Networks Australia (ENA) welcomes the opportunity to make this submission in response to the Australian Energy Market Commission's (AEMC) Draft Rule Determination on the Governance of Distributed Energy Resources (DER) Technical Standards.

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.

We and our members are broadly supportive of efforts to improve DER technical standards in the National Electricity Market (NEM) and believe it is a critical part of ensuring the positive energy future of all customers.

Key messages

- » We appreciate and share the AEMC's desire to cut down on duplication, but still believe there is a need for an independent committee, similar to the Reliability Panel, to help achieve this desire while driving a forward plan on DER technical standards that is in the long-term interests of all users.
- » A dedicated committee will have greater durability and would be able to respond to the issues with more focus while benefiting from more meaningful industry engagement through a transparent and well governed process.
- » While we continue to support the industry working with the ESB and ARENA DEIP through their many projects, under these arrangements it is less clear who is responsible, how issues are prioritised, who makes the decisions and the reasoning for the decisions that are made. This highlights clear transparency and governance risks.

A Committee is the most durable solution

As we noted in our submission to the consultation paper, there is a less pressing need to radically change the approach to standards development and it rightly sits with Standards Australia. The major issue to be addressed is timely, strategic and regularly updated assessments of the need for revision of key standards through the

development of a holistic, forward plan, informed by an industry-led and independent committee.

We understand the AEMC proposes to largely use their existing powers to undertake market reviews instead of a separate change to the Rules to establish an independent committee for addressing DER technical standards. We therefore propose the AEMC convene an independent committee as described in the proposal under these existing powers as soon as possible.

On market reviews, we note a significant weakness is that they can be placed on hold, sometimes indefinitely. The scope of market reviews is also subject to AEMC resources which can be constrained due to workload challenges. As an example, the AEMC's Metering Services Review¹ was formally placed on hold to allow AEMC to allocate resources to other projects, but the underlying metering challenges continue to grow.

Conversely, an independent committee would be more responsive to the relevant issues and ensure that they are addressed in a timely manner. A dedicated body aimed at developing and driving a forward plan (in partnership with Standards Australia) with a clearly defined timeline of what is required and by when will drive punctual creation, adoption or revision of standards and provide greater certainty to the industry in a rapidly changing environment.

We suggest establishing an independent committee immediately under AEMC's existing powers that can begin work on DER technical standards unconstrained by a particular rule change request or market review. This will ensure that there are no duplication concerns whilst simultaneously having the flexibility to drive forward the necessary work.

Future needs of DER Governance

We are at a point in time where determining which DER technical standards are pursued and how they are developed will have lasting consequences for all users of the electricity system. It is critical that holistic, informed and technologically agnostic choices are made by a clearly accountable, transparent, independent and industry-led body.

The need for such a body will only increase as we learn more about operating an electricity system with ever-increasing levels of DER and there is a risk that the choices disparate and uncoordinated bodies make now will limit optionality needed to navigate an uncertain future and ultimately increase costs for all.

One of the key functions of this body will be to deliver a well-considered, technically viable and practical roadmap of DER technical standards to address a range of issues such as minimum demand, system security and frequency control.

Currently many of these topics are progressed in piece-meal fashion with a narrow focus that does not deeply consider the wider cost and benefit consequences outside

¹ [Review of the regulatory framework for metering services | AEMC](#)

of the immediate issue, such as implementation costs for the sector that inevitably flow on to customers.

Lack of clarity on responsibilities

ENA and our members continue to contribute to the various ESB and ARENA DEIP initiatives by actively participating in both processes, providing practical insights into network implementation.

However, we note that the Maturity Plan Pilot consumed significant time and effort from industry stakeholders but failed to engage effectively and did not deliver outcomes that were endorsed by either industry or consumers. There are also still unanswered questions as to the governance obligations of the Maturity Plan to industry and further uncertainty around how issues were prioritised and pursued.

There is also a lack of clear responsibilities. The ARENA DEIP's role is providing a common platform to facilitate key projects and initiatives on DER integration issues in need of resources. But they are not (nor expected to be) directly responsible or accountable to deliver on the wider system needs nor implement them in the wider industry.

Similarly, it is expected that the ESB will eventually cease its operations at some point once the Post-2025 reforms are implemented. This presents a longer-term risk of who will be responsible for DER technical standards after the ESB. We recommend the AEMC notes these issues in their engagement with the ESB and ARENA's DEIP.

We reiterate the AEMCs key role in ensuring a durable solution that is best served by an independent committee as described earlier instead of ad-hoc market reviews.

If you have any questions or would like to discuss specific topics further, please do not hesitate to contact Dor Son Tan, Acting General Manager Networks at dstan@energynetworks.com.au

Yours sincerely,



Andrew Dillon
Chief Executive Officer