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Andrew Swanson
Project Leader
Australian Energy Market Commission
Submitted electronically

Dear Andrew,

PIAC submission to AEMC Review into consumer energy resources technical standards draft report

The Public Interest Advocacy Centre (PIAC) welcomes the opportunity to respond the Review into consumer energy resources technical standards draft report (the Draft).

Optimised integration and effective utilisation of consumer energy resources (CER) is particularly urgent prevailing energy prices and expected future costs for the required development of new generation and transmission infrastructure associated with the energy system transition. Ensuring robust CER standards, interoperability and improved CER standard compliance are crucial. They are necessary to underpin consumers ability to connect more CER devices to the network and ensure all consumers, not just those with the requisite technology, benefit from optimised CER penetration and utilisation.

PIAC broadly supports the draft recommendations. We commend the AEMC for acknowledging the need for urgent and systemic change through advancing both immediate actions and longer-term regulatory reform. However, we are concerned the voluntary nature of the draft recommendations can not adequately address the underlying causes of non-compliance. We are further concerned the approach is not sufficiently comprehensive to address 'future state' use case issues including device interoperability, dynamic operating envelopes, and EV charger standards.

The AEMC states 'there is significant non-compliance with CER technical standards in the [National Electricity Rules] NER' and points to AEMO findings that 'approximately 65 per cent of new installations in quarter 1 of 2022 were non-compliant across the National Electricity Market (NEM)'.

We understand that if all immediate draft recommendations are implemented the NEM could see between half to almost all new devices compliant with CER technical standards. Given the

voluntary nature of the recommendations we question whether these expectations are reasonable and, given the impact of any failure to deliver, support stronger action to ensure compliance. In any case, given the wide range of potential compliance outcomes, we recommend the AEMC work closely with AEMO to track progress. Further interventions should be developed and implemented should immediate actions prove insufficient to raise compliance to acceptable levels.

The AEMC should further outline the risks and costs associated with non-compliance from a household not just a system-wide perspective. We understand market impacts of non-compliance result from aggregate (as opposed to individual) inverter tripping. The AEMC also makes clear that aggregate non-compliance leads to a less secure and reliable bulk transmission system; reduced ability to connect and export new CER devices; and upward pressure on power prices. However, the experience and effects of non-compliance at a household-level are less clear. Consumers are unlikely to be in a position to detect or remedy non-compliance and, where they have invested significant funds on the expectation of a level of service from their CER, should be supported to ensure those expectations are reasonably met.

PIAC is also interested in the AEMC's view on the level of compliance necessary to address the key market impacts outlined the Draft. For example, we understand the relationship between compliance and solar hosting capacity is largely linear as highlighted in SA Power Networks submission to the review. However, it is not clear if the same relationship holds between compliance and power prices or the security and reliability of power supply.

Reforms to CER technical standards and compliance also represent an opportunity to address intersecting issues with data access and ownership, interoperability, and technological neutrality. While we understand this work is being progressed in parallel processes, consumers are already facing vendor 'lock-in' due to proprietary systems. Delay in addressing these related issues will only lead to further consumer detriment and a requirement to 'retrofit' regulatory solutions. PIAC strongly recommend the AEMC take every opportunity in this process to begin addressing these related issues.

We see an urgent need for more comprehensive behind-the-meter technical standards for interoperability and encourage the AEMC to work with other market bodies to develop nationally consistent standards, testing protocols and an associated compliance certification scheme.

Our more detailed feedback on specific draft recommendations is provided below.

Draft recommendation 8: Introduce commissioning sheets for CER devices

Commissioning sheets are an important tool available to Distribution Network Service Providers (DNSPs) to ensure CER devices are installed and commissioned in a compliant manner. They have an important role in informing installers and establishing clear lines of responsibility which can support compliance and legal remedy by DNSPs and consumers. However, while commissioning sheets provide a line of accountability between the CER installer and the DNSP, it is unclear how the latter would verify the device was properly installed and therefore compliant.

We understand CER installers are already obligated to collect and input CER device information into AEMO's CER Register. Accordingly, commissioning sheets should supplement

this requirement through including a contractual obligation on the installer to certify the device is compliant with DNSP standards. We also note there are currently issues with the accuracy and consistency of information recorded in the register and encourage the AEMC to consider additional means (either directly or in conjunction with other market and jurisdictional bodies) to ensure commissioning sheet and CER register expectations are more consistently met.

We also note the need for greater consistency across OEM, installer, and DNSP commissioning requirements and recommend this issue be progressed under a national regulatory framework.

Draft recommendation 9: Accelerated smart meter deployment with improved data access

We strongly support this recommendation, noting that effective implementation is contingent on (1) affirming the consumers rights to access and control their smart meter data; and (2) providing DNSPs, retailers and other defined market participants (such as AEMO) zero-cost access to the range of specified data required for the efficient, safe, and reliable operation of the system.

Access to more timely, comprehensive data is needed to provide DNSPs with the requisite visibility to ensure compliance with CER technical standards, and realise the assumed benefits of a more flexible and dynamically operated network. Monopoly control of smart meter data by metering data providers does not align with consumers rights to control their own data. Further, it undermines the ability of DNSPs to identify and rectify non-compliant systems and is not in the interest of consumers. It also presents future interoperability risks.

Draft recommendation 11: Defined process for contacting consumers

While we support creating a defined process to inform consumers of suspected non-compliance and outline options for rectification, we consider installers better placed to resolve these issues than DNSPs. Given consumers have limited visibility of compliance issues and limited ability to rectify non-compliant devices they should not be expected to action rectification. Commissioning sheets should instead serve to clarify the roles and responsibilities of DNSPs and CER installers and provide a first point of contact should a non-compliance issue arise within a defined period from installation (for instance a period reasonably within the warranty of the installed inverter or CER asset).

We understand some DNSPs have internal processes to contact and assist consumers with non-compliant installations. These processes may include making solar retailers or installers aware of non-compliances and encouraging proactive rectification. While we support DNSPs taking on a greater role in monitoring compliance and ensuring clear communication is received by consumers, we encourage the AEMC to provide further guidance to help formalise these processes and clarify how rectification should proceed when the DNSP is unable to contact the CER device installer. Ideally moving to ensure installers are covered by mandatory regulation which stipulates compliance, enforcement and dispute resolution (by ombudsman's schemes) mechanisms should be progressed.

Draft recommendation 12: Subsidised reconfiguration of non-compliant devices

While we support the intent behind this recommendation, we are concerned that the magnitude of the non-compliance could impose material costs on jurisdictions. We are interested in the AEMC's view on the proportion of non-complaint CER devices that are likely to require subsidised re-configuration or re-installation and the range of costs associated with such

works. We do not consider disconnection a proportionate response to CER non-compliance and acknowledge the need for a more balanced approach.

However, we do not consider a jurisdictional subsidy appropriate as it excuses installers from addressing issues they are largely responsible for. Should the AEMC choose to adopt this recommendation we strongly advise that the costs for any such fund be recovered on a causer-pays basis. Alternative approaches to reducing instances of non-compliance may be to strengthen consumer protections through warranties and guarantees to certify compliant installations or through programs such as the one implemented by SAPN, which incentivises installers to rectify non-compliant installations by 'blocking' the ability of applicants with poor compliance practises to apply for further CER connections until compliance of previous installations is rectified. Longer term measures to ensure installers are covered by independent energy ombudsman's schemes should be explored as a means of ensuring consistency and alignment with consumer expectations regarding energy related products and services.

Draft recommendation 13: Progress reform of national regulation

We support reform of national regulations and consider it preferable to change the scope and functions of one or more existing regulatory organisations than to create a new national regulator. We consider the AER and Clean Energy Regulator best placed to develop long-term CER standards and realise compliance improvements.

PIAC welcomes the opportunity to discuss these matters further with the AEMC and other stakeholders.

Yours sincerely

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