



7 November 2024

Christian Dunk
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Submitted electronically via www.aemc.gov.au

Dear Christian Dunk,

Clean Energy Council Submission to ERC0400 – Including distribution network resilience in the National Electricity Rules

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback to the Australian Energy Market Commission (AEMC) Consultation Paper on the “Including distribution network resilience in the National Electricity Rules” Rule Change.

The CEC is the peak body for the clean energy industry in Australia. We represent and work with Australia's leading renewable energy and energy storage businesses, as well as a range of stakeholders in the National Electricity Market (NEM), to further the development of clean energy in Australia. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

The CEC agrees with the issues highlighted by the Victorian Minister for Energy and Resources in her Rule Change request. Increased incidents of extreme weather events due to climate change have made distribution networks more susceptible to long-duration outages. As we have seen through bushfire and flood events over the last decade, this can leave consumers stranded for extended periods with no electricity.

We agree that improving network resilience can act as a preventative measure to avoid these catastrophic outages. To best reflect this, we encourage the AEMC to consider a more preferable rule change that allows the Capital and Operating Expenditure Objectives to *improve* not just *maintain* the quality, reliability and security of supply of standard control services to prepare for the impacts of extreme weather.

We also agree with the general proposition of the Rule Change – specifically that the recently developed Australian Energy Regulator (AER) Value of Network Resilience (VNR) supports distribution network service providers (DNSPs) in investing in resilience solutions, but that this approach could be further improved by also updating the National Electricity Rules (NER) to include resilience as expenditure factors for DNSPs.

We are supportive of the general principles and points made in the Consultation Paper:

- DNSP resilience is critical for customers and avoiding prolonged periods of power outages. Access to secure and reliability electricity – even post catastrophic events – is a right that all consumers should have. Pre-emptive measures that protect against extreme weather events will ensure long-term ongoing benefits to consumers within highly susceptible regions and the CEC is supportive of a regulatory framework that supports this.
- The best mix of capital investment and ongoing operational spend for ensuring resilience, should include both network and non-network solutions.
- Noting that emissions are now explicitly included in the NER, non-network solutions should focus on the role of renewable energy. Mobile solar and battery solutions can play a role in restoring power to communities after an event and should be preferred to diesel gensets. Similarly non-network solutions such as consumer energy resources (CER) and stand-alone power systems may be able to preventatively improve resilience as an alternative to traditional poles and wires.

We encourage the AER to utilise the latest scientific modelling and methods for the assessment of resilience expenditure, this should clearly describe the process for assessment in the Resilience Expenditure Guidelines.

As with any work that ultimately leads to changes in network expenditure, it will be important to weigh up the costs of resilience expenditure against the monthly customer retail bill impacts to find the right balance. The development of best practice guidelines for network resilience will ensure there is consistency across DNSPs and remove the need for duplicative assessments and processes. While the CEC acknowledges the differences in assets and regional vulnerabilities, it will be important that this investment is coordinated, with resilience solutions shared across DNSPs.

The CEC appreciates this is an important piece of work and a critical component in adapting Australia's energy system as climate-related weather impacts increase. We would like to express interest in developing best practice resilience solutions and will be happy to continue working with the AEMC on this Rule Change.

If you have any queries or would like to discuss the submission in more detail, please contact Con Hristodoulidis (christodoulidis@cleanenergycouncil.org.au).

Kind regards,

Con Hristodoulidis
Director of Distributed Energy
Clean Energy Council