

07 October 2021



Ms Anna Collyer
Chair
Australian Energy Market Commission
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Submitted online

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Dear Ms Collyer,

Ausgrid welcomes the opportunity to provide this submission on the Australian Energy Market Commission's (**AEMC**) consultation paper on the *Governance of Distributed Energy Resources Technical Standards*.

Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometers from the Sydney CBD to the Upper Hunter. As a Distribution System Operator (**DSO**) we have an important role in providing safe, reliable, and efficient network services that enable customers and communities to get the most value from distributed energy resource investments and support the transition to a distributed and renewable energy system.

As a result, Ausgrid supports efforts to ensure that technical standards for distributed energy resources (**DER**) are fit for purpose as this will enable a smoother transition that allows Ausgrid to fulfill its function as a DSO more effectively.

DER standards need to evolve with the sector

The rapid penetration of DER is posing challenges for the operation of the National Electricity Market (**NEM**) in terms of reliability and security. It is important that technical standards are kept current to ensure that the NEM's DER fleet has enhanced functionality to address issues like minimum demand, system strength, frequency control, voltage disturbance ride-through support, interoperability and cyber security. This will help to incentivise a secure, clean, cost-effective power system.

Ausgrid's notes that DER technical standards are not just limited to AS/NZS 4777.2 but include other standards such as AS/NZS 4777.1, AS/NZS 4755 and IEEE 2030.5. As a result, there may be a need in the future to expand the definition of DER technical standards in the National Electricity Rules to refer to these and/or other standards.

Establishing a new body is unnecessary

Standards Australia is the country's long standing, leading independent, non-governmental, not-for-profit standards organisation. It has a proven governance framework, that is well established, trusted, and respected to offer stakeholders, from various sectors, different pathways to develop or update new or existing standards. Establishing a new body to oversee technical standards is an unnecessary duplication of Standards Australia. Empowering

Connecting communities,
empowering lives

Standards Australia to continue to set the technical standards for DER ensures these standards remain nationally consistent while addressing emerging issues.

In addition, Standards Australia has a range of expedited delivery options, including interim standards, technical specifications, direct adoption of international standards and handbooks. These can be delivered in much shorter timeframes (as quickly as six months), compared to the development of a full Australian Standard. Ausgrid believes that an approach that engages with Standards Australia to utilise these expedited delivery options can address the current concern about the need for the timely setting of new technical specifications for DER. Early engagement with industry and regulators can also allow for critical standards development projects to be flagged early within Standards Australia's internal processes. This allows for reduced editing, publishing, and other timing considerations that can potentially add delays.

Governance not standard setting

In support of this approach, Ausgrid feels there is merit in the AEMC establishing a DER governance committee which is responsible for developing a DER Technical Standards roadmap to enable emerging issues to be addressed in a timely fashion. This will address the issue identified in the Sapere/CutlerMerz review¹ into DER governance standards that informed the Energy Security Board's rule change request which found "that the governance of DER technical standards is fragmented, lacking clarity of roles and coordination".

This body should develop a roadmap having reference to existing national and international work. This way work on DER technical standards can be appropriately sequenced, prioritised and leveraged. Where possible the committee should engage with regulators to remove redundant duplicative requirements in the current framework, whether that be in regulations or standards. This new committee should also be funded to enable it to commission research or leverage off funding opportunities from other entities such as the Australian Renewable Energy Agency and state governments. To the extent new standards or technical guidance is required the committee should then refer this to Standards Australia to be done through one of its expedited delivery options.

Membership, appointment, expertise and balance of the committee should be as set out in Table 3.1 of the consultation paper. In terms of the membership of the new committee, it should include a senior employee from Standards Australia so they are across the key issues, timing and potential workstreams. This will reduce the risk of fragmentation and delays in Standards Australia processes. It will also ensure any issues about the appropriateness of particular work for Standards Australia are identified early and worked through before Standards Australia is formally engaged.

The proposed assessment framework needs to include the costs to customers of the proposed changes

The proposed assessment framework needs to include potential cost impacts to all customers. This includes costs incurred directly from changes that may be required for all new and replacement DER devices and also indirectly through the monitoring and compliance frameworks that networks are required to implement. It should also consider whether any proposed changes will more broadly maximise the value of these changes for customers.

¹ <https://srgexpert.com/publications/review-of-governance-of-der-technical-standards/>

Ausgrid's implementation costs for the new requirement for DER Technical Standards

Ausgrid has historically required compliance with AS/NZS 4777.2 through its connection contracts. This includes provision for inspecting the embedded generating unit to ensure that it has been installed in compliance with all relevant energy laws. Ausgrid is currently reviewing its inspection and verification approach to ensure it is fit for purpose given the increase in DER penetration in Ausgrid's network. It is likely there will be increased compliance costs if Ausgrid decides to expand its inspection/verification program of DER. This compliance role is an appropriate one for a DSO which may need to utilise the DER fleet in its network area to support reliability and security in certain network conditions.

We thank the AEMC for providing Ausgrid with an opportunity to provide a submission on the consultation paper. Should the AEMC have any questions in relation to this submission, please contact Nathan Laird, Policies and Procedure Manager at nathan.laird@ausgrid.com.au.

Regards,

A handwritten signature in black ink, appearing to be 'CT' followed by a long horizontal flourish.

Craig Tupper
Acting Head of Asset Investment