



**Government
of South Australia**

Department for
Energy and Mining

Our Ref: D21032790

Ms Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
SYDNEY NSW 2000

Dear Ms Collyer

RE: ERC0319– GOVERNANCE OF TECHNICAL STANDARDS FOR DISTRIBUTED ENERGY RESOURCES

The Energy and Technical Regulation Division (the Division) of the Department for Energy and Mining thanks you for the opportunity to make a submission on the rule change request for distributed energy resources (DER) technical standards in the national electricity market (ERC0319).

The Division notes the context of this rule change request includes the new DER technical standard commencing on 18 December 2021 in response to a rule change request from AEMO and the technical standards established by the South Australian Government for smaller energy generators that came into effect in South Australia from 28 September 2020.

These recent measures have targeted imminent challenges posed by DER. They seek to ensure DER supports energy system reliability and security while also maximising the value of DER for customers. The Division notes that cyber security challenges and the transition to 100 per cent renewable energy will continue to pose new and emerging technical issues that require timely and efficient responses. A standards development and implementation role in the national energy frameworks could provide that response if it is appropriately designed and the Division supports further evaluation of the proposed rule change.

Whilst the Division is supportive of the assessment framework outlined in the consultation paper, another key matter that the AEMC should consider is implementability. That is, will the security, reliability, price and safety objectives be met through implementation in the national energy frameworks. Specific examples of implementation considerations are discussed further below.

Energy and Technical Regulation Division

Level 4, 11 Waymouth St Adelaide SA 5000 | GPO Box 320 Adelaide SA 5001 | DX452

Tel (+61) 08 8226 5500 | DEMEnergyMarketReform@sa.gov.au | www.energymining.sa.gov.au | ABN 83 768 683 934



The Division considers it will be important at an early stage to define the scope of DER that will be covered by the standards function. Some technologies with flexible demand capabilities, such as air conditioners, pool pump controllers, electric vehicle chargers or electric water heaters may be outside the enforcement powers of DNSPs. This means whilst the standards could be developed under the national energy frameworks, implementation through customer connections is unlikely to be successful.

Should the AEMC consider a broad scope of DER to be appropriate, the pathways for implementation of the standards may therefore need to be widened. The AEMC could explore how a national energy standards setting framework may interact with more appropriate mechanisms to implement minimum technical standards for these products including the Greenhouse and Energy Minimum Standards (GEMS) program or local jurisdictional electrical installation standards.

Similarly the AEMC should establish protocols for how the new function will interact with other standards-setting processes, including the Standards Australia processes and local instruments for enforcing those standards. It will be essential that any new standard developed by the AEMC is not duplicative or inconsistent with existing standards and that any new DNSP compliance function is not duplicative of existing local statutory compliance functions.

With regards to membership of the standards group, the Division considers the membership structure of ARENA's Distributed Energy Integration Program (DEIP) may provide a better model than AEMC's Reliability Panel. The new group should include all three market bodies, DNSPs, technical experts, jurisdictional technical regulators, consumer groups, Standards Australia, and original equipment manufacturers (OEMs). Importantly, membership of the group may need to change regularly if DER is defined broadly, in particular the OEMs involved.

The Division does not consider amending the role and membership of the Reliability Panel to be a feasible approach and may distract from the Panel's core role and function. A purpose-built governance structure would enable appropriate membership based on the technical standards under consideration.

While the Division notes the limitations in the Standards Australia processes in dealing with rapidly emerging challenges of DER, many of the key principles used by Standards Australia should be replicated under any new standards setting function, particularly the adoption of international standards where these can be identified as meeting the desired performance outcome, and the principle that members should not represent particular interests.

On the issue of whether a technical standard under the new arrangement would better sit in the NER or a subordinate instrument, the Division's view is that a subordinate instrument would provide greater flexibility to amend standards in a timely manner, in response to emerging issues. South Australia's 'Smarter Homes' initiative has adopted this approach and establishes Technical Regulator Guidelines that provide deemed to comply solutions to meet regulatory requirements.

That being said, careful consideration will be needed on the trigger and rules around consideration of a new technical standard or variation of an existing technical standard. The introduction of technical standards can result in a need to reconfigure or remanufacture products. Proponents should be provided with some certainty around the longevity of a technical standard to support this product development.

The AEMC should be cognisant that whilst including standards in connection agreements indirectly results in the standards extending to manufacturers and installers, there is no compliance and enforcement framework in regard to these parties under the national energy frameworks. Compliance and enforcement options available under the connection agreement apply to the customer and are limited. Further, there is no obligation to provide products to the Australian market, and accordingly continued product competition and affordability will need to be key considerations in establishing and implementing a standard setting process.

Should you have any questions in relation to this submission, please contact Ms Rebecca Knights, Director, Energy Policy and Projects Branch, Department for Energy and Mining on (08) 8429 3185.

Yours sincerely



Rob Faunt

A/EXECUTIVE DIRECTOR, ENERGY AND TECHNICAL REGULATION

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