

23 July 2020

Mr Alex Oeser
Project Leader for ERC0301
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Lodged online: www.aemc.gov.au/contact-us/lodge-submission

Dear Alex

CCIA NSW SUBMISSION ON AEMC, TECHNICAL STANDARDS FOR DISTRIBUTED ENERGY RESOURCES, CONSULTATION PAPER, 25 JUNE 2020

The Caravan, Camping & Touring Industry & Manufactured Housing Industry Association of NSW Ltd (CCIA NSW) is the State's peak industry body representing the interests of holiday parks, residential land lease communities (residential parks, including caravan parks and manufactured home estates), manufacturers, retailers and repairers of recreational vehicles (RVs, including caravans, campervans, motorhomes, camper trailers, tent trailers, fifth wheelers and slide-ons), camping equipment suppliers, manufacturers of relocatable homes and service providers to these businesses.

We currently have as members over 720 businesses representing all aspects of the caravan and camping and land lease living industry. Over 470 of these members are holiday parks and residential land lease communities throughout New South Wales (NSW).

Some of these holiday parks and residential land lease communities have distributed energy resources (DER), such as solar photovoltaic (PV) panels, battery storage, diesel generators, etc, connected to the local Distribution Network Service Provider's (DNSP's) network. These assets can be located on office buildings, communal amenities blocks, camp kitchens, recreation rooms, etc, and there are also developments in the industry incorporating electric vehicle charging stations.

In addition, many of these holiday parks and residential land lease communities have embedded electricity networks serving holiday and/or residential customers, and DER assets can also be located within these embedded networks. Some residential customers living within residential land lease communities, who own their own dwelling but rent a site from the community operator, have or want to install DER on their dwellings.

As the Australian Energy Market Operator (AEMO) has submitted a rule change request to the Australian Energy Market Commission (AEMC) seeking to amend the National Electricity Rules (NER) and National Energy Retail Rules (NERR) to allow it to create an initial set of technical standards that will apply to new and replacement DER across the national electricity market (NEM), we wish to provide some feedback in the context of DER in our industry.

We understand that AEMO is seeking to manage the growing uptake of DER and the increasing impacts on distribution systems, particularly in South Australia where there is high DER penetration. AEMO has proposed developing initial minimum DER technical standards focused on updates needed to ensure system security to deal with imminent system security issues caused by DER connections.

The rule change request proposes:

- a) the creation of a subordinate instrument for minimum technical standards for new and replacement DER,
- b) a definition of DER in the NER,
- c) a requirement for DNSPs to ensure that connected DER, either by its own means or by way of a DER device, meet the DER minimum technical standards (including without limitation, through the inclusion of appropriate provisions in connection agreements), and
- d) if the instrument is created, the Australian Energy Regulator (AER) to develop a light-touch monitoring and compliance framework, primarily for the purpose of transparency.

AEMO will undertake its own consultation process, concurrent with this rule change process, in order to have a first set of minimum technical standards completed and ready for implementation by the time this rule change process is finalised.

However, as noted by the AEMC, AEMO's rule change request does not propose a governance framework. Instead, the Energy Security Board (ESB) is currently undertaking consultation on a longer-term governance framework for the DER minimum technical standards and it is possible that the outcome of the ESB review may recommend different arrangements than AEMO setting the standard through a subordinate instrument.

This is in fact the case, with the ESB [Governance of DER Technical Standards Consultation Paper](#), released on 16 July 2020, proposing a new Governance Committee established under the NER and convened under the AEMC to be responsible for:

- 1. setting a vision for DER technical standards,
- 2. developing a technical standards work program,
- 3. monitoring, reviewing and setting DER technical standards,
- 4. considering issues related to compliance and enforcement of standards in their development, and
- 5. providing advice on standards and undertaking related reviews.

Comparable to how the Reliability Panel sets reliability standards, the DER technical standards would be designed or chosen by the Governance Committee to support electrical system security, distribution network management and affordability for consumers, including through the sale of DER services.

We note the AEMC's question to stakeholders on whether the proposed subordinate instrument is the most efficient way to address any imminent power system security issues caused by DER connections. Based on the stakeholder webinar delivered by the ESB on 21 July 2020, it is proposed that this longer-term governance framework, which will provide nationally consistent minimum technical standards and which could potentially replace this rule (if made) in the future, will be in place as early as July 2021.

In addition, it is our understanding that DNSP's are successfully responding to the various challenges in energy networks currently caused by DER through localised strategies, and the issues in South Australia are now being dealt with at the jurisdictional level.

Given these developments, we are not certain that AEMO's proposed rule change is essential at this time, particularly as there will be an additional regulatory burden and associated costs for DER manufacturers, DNSPs and the AER related to the introduction of a minimum technical standard for DER.

In order to avoid unnecessary duplication within work streams, and to properly examine the costs of initial and future DER minimum technical standards and how consumers will be affected, it may be preferable for current challenges to be addressed at the local level for the next 12 months while the overall governance framework is developed with further consultation.

If the rule change is made, then we agree that AEMO's power to set the initial minimum technical standards should be limited in scope to addressing immediate concerns in areas of the system where negative DER impacts are already prevalent. Transitional requirements would be needed for DER devices currently in production but not yet deployed, and the life of any initial subordinate instrument should be limited until the time when a broader governance framework for DER minimum technical standards comes into effect.

Notwithstanding the above, we would like to seek clarification on the scope of DER under consideration. AEMO has proposed to apply the minimum technical standards to newly connected DER devices (and replacements) for which the DNSP's have visibility and suggests the following definition of DER:

The types of resources/assets including small and medium scale distributed generation (such as solar PV), energy storage (such as small and medium-scale batteries and electric vehicles that can deliver energy from the vehicle to the power system) and controllable loads (such as air conditioners, electric storage hot water systems, pool pumps, and electric vehicle supply equipment) that connect to the distribution system.

"Connected DER" would be:

- DER that is newly connected or to be connected within a distribution system, and
- DER within a distribution system that is newly augmented, upgraded, extended or replaced – that is, when a customer (or their representative) contacts the DNSP, or when a requirement on a customer (or their representative) to contact the DNSP is triggered.

To establish compliance, definitions of "DER" and "connected DER" would then need to be included in DNSP's connection agreement terms and conditions.

While these definitions would take account of customers that want to install or replace DER within their premises that connect to the local DNSP's distribution system, what about DER installed within embedded networks? We are not clear on how they are being taken into account by the market bodies.

Under the NER an embedded network is considered *"a distribution system, connected at a parent connection point to either a distribution system or transmission system that forms part of the national grid, and which is owned, controlled or operated by a person who is not a Network Service Provider."*

Has consideration been given to whether these assets should also be subject to minimum DER capabilities? Should embedded network service providers also be obligated to include DER minimum technical standards into the terms and conditions of connection agreements with embedded network customers? If yes, how would they be responsible for compliance? How would this be overseen?

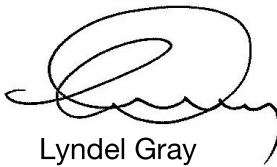
What authority should embedded network service providers have to refuse connections of non-compliant DER? What if such connection agreements form part of tenancy arrangements governed by state legislation?

As DER can provide additional benefits in embedded networks, further consideration may be needed on the full scope of DER and how these assets can also be better integrated.

Thank you for taking into consideration the issues we have raised.

Should you have any questions for require further information please contact Shannon Lakic, Policy, Training and Executive Services Manager on (02) 9615 9940 or email shannon.lakic@cciansw.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lyndel Gray', with a large, stylized initial 'L'.

Lyndel Gray
Chief Executive Officer