

3 February 2022



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**) draft rule determination 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.

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

#### **DER technical standards need to evolve with the sector**

The rapid and growing adoption 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 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.

#### **The AEMC's role in supporting the development of DER technical standards**

Ausgrid appreciates and acknowledges the AEMC's desire to avoid duplication and ensure appropriate flexibility to address the development of DER technical standards through its draft determination by not making the proposed rule.

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We agree the AEMC has an important role to play in supporting the development of nationally consistent DER technical standards. On this basis we strongly support the AEMC's commitment to playing a role in the development of DER technical standards outside of the rule change request. We agree with the AEMC that this could be done through its existing powers to establish an independent committee or commissioning a market review to undertake the five roles it identified. In addition to working with the Energy Security Board (**ESB**) and the Australian Renewable Energy Agency (**ARENA**), the AEMC should also work with State based regulators to avoid fragmented DER technical standards being implemented in the NEM.

### **How to ensure appropriate governance**

To ensure appropriate governance of DER technical standards and deliver on its commitment Ausgrid recommends that the AEMC immediately establish a DER governance committee under its existing powers to ensure the appropriate development of technical standards by Standards Australia or other relevant standard setting bodies. This committee would be responsible for developing a DER technical standards roadmap with clear roles and responsibilities to ensure emerging issues are addressed in a timely fashion. This will address the issue identified in the Sapere/CutlerMerz review<sup>1</sup> into DER governance standards that informed the ESB's rule change request which found 'that the governance of DER technical standards is fragmented, lacking clarity of roles and coordination'. If this does not occur there is a real risk that these issues will continue and that the AEMC's commitment to supporting the development of DER technical standards will not eventuate.

As we set out in our [submission](#) on the consultation paper in 2020 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 legislation (Federal or State) or standards. This new committee should also be funded to enable it to commission research or leverage funding opportunities from other entities such as ARENA and State governments. Where the committee identifies new standards or technical guidance are required they can then refer this to Standards Australia or other standard setting bodies for action through expedited delivery options as needed.

Membership, appointment, expertise and balance of the committee should be as set out in Table 3.1 of the consultation paper<sup>2</sup>. 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.

### **Areas of focus**

Potential areas of focus for this new committee in addition to or as part of the roadmap's development include:

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

<sup>2</sup> Pages 9 and 10,

[https://www.aemc.gov.au/sites/default/files/documents/210830\\_consultation\\_paper\\_-\\_gderts.pdf](https://www.aemc.gov.au/sites/default/files/documents/210830_consultation_paper_-_gderts.pdf)

- Looking at how better compliance for DER technical standards can be achieved, including who should enforce these standards and whether the incentives for compliance are appropriate, noting the overlap in roles and responsibilities between the Clean Energy Regulator, DSO's and State safety and electricity regulators and their different powers. This should also consider jurisdictional differences, such as the contestability regime in NSW, which may have an impact on these considerations.
- Ensuring that the development of DER technical standards includes a robust assessment of the costs and benefits of these changes across the system, including but not necessarily limited to manufacturers, networks and customers. It should also consider whether any proposed standards will maximise the value of these changes for customers.

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](mailto:nathan.laird@ausgrid.com.au).

Regards,



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