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Australian Energy Market Commission
Submitted online: aemc.com.au

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Dear Mr Swanson

Review into consumer energy resources technical standards

AGL Energy (**AGL**) welcomes the opportunity to respond to the Australian Energy Market Commission's (**AEMC**) consultation paper on the Review into consumer energy resources (**CER**) technical standards in the National Electricity Rules (**NER**).

As a leader in CER products and services, AGL has actively participated in bringing the consumers' view and interests into the development of a range of policies, regulations, and technical standards applicable to CER. We currently represent the Australian Energy Council membership on a range of relevant Standards Australia Committees.

We are also engaged in a range of industry forums focused on the development of appropriate technical standards and protocols to support CER integration, including the Distributed Energy Integration Program, API Technical Working Group, South Australian Office of the Technical Regulator Dynamic Exports Committee, and the Energy Security Board's (**ESB**) Consumer Insights Stakeholder Steering Group. We have consistently advocated in these forums for technical standards and protocols governing CER to empower consumers with choice to utilise and optimise CER assets for their own comfort and to participate in competitive market services which address broader energy system needs.

Our feedback to the consultation paper is based on our operational experience with CER products and services, ongoing involvement in technical standards development and regulatory reform.

Consumers at the forefront

AGL supports the AEMC's review on the progress in adopting and implementing CER technical standards across the National Electricity Market (**NEM**). Of particular interest is the development of a framework that balances the needs and objectives of industry and consumers. We support the proposed Assessment Framework put forward by the AEMC to ensure this review promotes the national electricity objective and the national energy retail objective.

However, the AEMC should prioritise a consumer-centric, outcomes-focused framework. While technical standards are largely focussed on how to ensure the energy system is running safely and reliably, as the system moves toward a decentralised grid, we must also ensure direct consumers outcomes are included in any analysis or new proposals. We recommend the AEMC separate the compliance and enforcement sub dot-points to a separate point. Then the Consumer Outcomes criterion could be a standalone item that focusses on direct consumers outcomes as a central and overarching principle.



As outlined below the two criteria should be separated to explicitly demonstrate and test how any recommendations by the AEMC works towards the long-term interests of consumers:

Consumer Outcomes **new*

- How can we ensure consumers have access and choice to products that work as required by the technical standards set out in the NER? **new*
- Will consumers, as the owner of the CER, be rewarded for the wider system services that their assets provide? **new*

Compliance Outcomes

- Will compliance with technical standards to maximise the ability of Distribution Network Service Providers (DNSPs) to connect optimal CER capacity be promoted?
- Will enforcement approaches impact on how consumers buy and use CER in practice, including interactions with device installers?

Compliance with technical standards of CER should be incumbent on industry to maintain, rather than an individual consumer. Currently, consumers are being required to pay to rectify the non-compliance of their CER after the installation failed to comply with current technical standards. The consumer outcome should be focussed on reducing the consumer liability with non-compliance of their CER. Additionally, emphasis should be given to ensuring competitive neutrality is maintained in achieving higher rates of compliance. Consumers should continue to have access, choice and be rewarded for their CER providing a service to the grid.

Harmonisation would resolve high levels of confusion

AGL supports the AEMC's work to consider the extent of non-compliance with existing technical standards in the NER. We recommend the AEMC investigate the levels of non-compliance and the prevalence of which part of the technical standards where the non-compliance is arising.

The evidence presented by the AEMC in the consultation paper demonstrates the level of compliance with AS 4777.2:2020 is low. The AEMC noted that their preliminary consultation suggests there may be some difficulties associated with installing relevant devices in accordance with AS 4777.2:2020, including confusion about how to configure devices in accordance with the standard. It should be incumbent on distribution network service providers (DNSP) to provide clear guidance to installers to reduce confusion on the interactions between DNSP requirements and the technical standards for CER set out in the NER.

Harmonisation of DNSP installation requirements would resolve the high levels of confusion reported in the paper. Currently, there are different DNSP installation requirements in each network area. This high level of complexity and administrative burden on installers complies onto the confusion in configuring devices in accordance with the standard. Ensuring that configurations and installation requirements are harmonised across network areas would aid in reducing convoluted requirements for installers to follow.

Governance of compliance and enforcement

The AEMC should look to provide certainty around the roles and responsibilities of stakeholders involved in the CER market. In line with our recommendation to ensure the consumer is at the forefront, AGL recommends that the AEMC look to utilise an existing energy regulator to fulfill a governance role and certify compliance. By utilising an existing body, this will reduce governance complexity and limit costs imposed on consumers by forming another energy body. Any energy regulator/body that is appointed to the governance role should also ensure that a consumer focus on any compliance and enforcement regime remains paramount. A consumer focus will help to limit the negative impacts on consumers where CER may be subject to pre-emptive curtailment and ensure they receive the highest value for their asset.



AGL supported the AEMC's preferred compliance pathway in the AEMC's Technical Standards for DER Rule Change.¹ In our submission we recommended the AEMC clarify how to compliance pathway would interact with state-based regulatory frameworks and whether any further safeguards might be required to mitigate consumer impact. We welcome the AEMC's work to clarify and limit complexity in reviewing the current regulatory framework and aligning where possible with existing jurisdictional and national frameworks.

The energy market bodies have collectively released three consultation papers in September and October 2022 as part of the ESB's *CER Implementation Plan*. We note the interlinked nature of these issues and the importance of considering their impact and outcomes on consumers. AGL looks forward to continuing to work through the issues outlined in each paper and work with the energy market bodies on these related work programs.

If you have any queries about this submission please contact Emily Gadaleta, Regulatory Strategy Manager at egadaleta@agl.com.au.

Yours sincerely,

Chris Streets
General Manager (a/g), Policy, Markets Regulation and Sustainability

¹ See further https://www.agl.com.au/content/dam/agl-thehub/documents/210115_agl-submission_-_aemc-technical-standards-for-der-rule-change_draft-rule-determination-final.pdf