

Improving compliance with CER technical standards

The Australian Energy Market Commission (AEMC) has made draft recommendations to improve compliance with the technical standards for consumer energy resources (CER) such as rooftop PV, battery energy storage systems, and electric vehicles.

Dual approach to draft recommendations

The AEMC has made 12 draft recommendations for immediate action that seek to increase future and existing compliance with CER technical standards.

It has also made a draft recommendation that jurisdictions and energy market bodies work together to explore the options and viability of reforming the regulation of current and future CER technical standards from a national perspective.

This dual approach — of immediate compliance improvements and more significant regulatory reform actions — acknowledges the difficulties associated with the existing regulatory frameworks that sit across the AEMC's jurisdiction as well as that of state and territory governments.

Noting the current complexities, the AEMC nevertheless proposes a way to start improving compliance as much as possible today within the existing regulatory framework without needing any substantial regulatory framework changes to occur.

Draft recommendations for immediate action

The AEMC's 12 draft recommendations for immediate action are set out according to the three stage lifecycle of CER devices:

- Stage one: simplify devices at manufacture and supply
 - Draft recommendation 1: Original Equipment Manufacturers (OEMs) to remove historical versions of CER technical standards from the settings menu for new devices
 - Draft recommendation 2: OEMs to make 'Region A' setting on devices (which is used for mainland NEM jurisdictions) the default setting for new devices
 - Draft recommendation 3: OEMs to remotely update devices where possible to remedy non-compliance
- Stage two: promote compliant installation
 - Draft recommendation 4: Make CER technical standards mandatory for New Energy Tech Consumer Code (NETCC) Approved Sellers
 - Draft recommendation 5: Mandate CER technical standards training for Small-scale Renewable Energy Scheme (SRES) accreditation
 - Draft recommendation 6: Funded training on CER technical standards to be provided for installers
 - Draft recommendation 7: Clean Energy Council to provide guidance on CER technical standards for installers
 - Draft recommendation 8: Distribution network service providers (DNSPs) to introduce commissioning sheets for CER devices

Stage three: support ongoing compliance

- Draft recommendation 9: Accelerated smart meter rollout with improved data access
- Draft recommendation 10: OEMs to provide DNSPs with access to compliance data
- Draft recommendation 11: DNSPs develop a defined process for contacting and

assisting non-compliant consumers

• Draft recommendation 12: Jurisdictions to consider establishing programs to subsidise consumers with the re-configuration of their non-compliant devices.

Draft recommendation to progress regulatory reform

The AEMC also recommends the Commonwealth, state and territory governments and energy market bodies work together to explore the opportunities and need to progress regulatory reform that will aid sustained compliance with current and future CER technical standards on a national level.

As part of this review process, some stakeholders had suggested creating a national technical regulator to support improved compliance with CER technical standards. However, the AEMC considers more work is needed to determine if reform of national technical regulation is needed and, if so, what the most appropriate reform model could be.

The further work under this draft recommendation would include considering the options and viability of reforming the national regulation of CER technical standards by:

- 1. identifying the need for regulatory functions that would achieve sustainable compliance over the long-term
- 2. defining and consulting on necessary regulatory options
- 3. clarifying implementation requirements
- 4. assessing the costs and benefits of reform options.

Consumers to benefit from improved compliance

The AEMC's draft recommendations aim to improve compliance with CER technical standards for the benefit all electricity consumers in the national electricity market (NEM). This benefit will arise because more CER devices will behave as expected, supporting distribution network service providers (DNSPs) and the NEM's market operator in operating the electricity system and planning for its future needs.

In addition, improved compliance with result in CER device owning consumers gaining greater benefits from their devices as well as enabling more consumers to connect new CER devices. This supports the security and reliability of electricity supply in the NEM. It is also an important avenue for the energy sector to reduce emissions and contribute towards government commitments for Australia to achieve net zero.

For example, the AEMC estimates that if the full package of draft recommendations for immediate action is implemented, the NEM can expect to see between half to almost all new devices compliant with CER technical standards. This compares with only one-third of new devices complying with CER technical standards upon the commencement of AS 4777.2:2020 in the National Electricity Rules (NER).

Background of significant non-compliance with CER technical standards

Through the NER, the AEMC introduced new CER technical standards for DNSPs and consumers. The final rule commenced on 18 December 2021. This coincided with the date upon which Australian Standard (AS) 4777.2:2020 came into effect. This standard requires inverters to promote the security and reliability of power supply by riding through voltage fluctuations on distribution networks.

However, to date, there has been significant non-compliance with this CER technical standard in the NER. This uncertain implementation situation for both existing and future CER technical standards raises concerns about the NEM's technical integration of CER. Ultimately, if left unaddressed, continued non-compliance would threaten to undermine the NEM's broader transition to zero-emissions technologies.

For this reason, on 29 September 2022, the AEMC self-initiated this review to consider:

- compliance with, and enforcement of, CER technical standards in the NER
- the interpretation of standards by NEM participants and others

• interactions between the NER and other regulatory regimes.1

Next steps

Stakeholder submissions in response to this draft report are requested by COB 25 May 2023. These will inform the final report, due for publication in mid-2023.

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¹ AEMC, *Review into consumer energy resources technical standards*, consultation paper, 29 September 2022, pp. 28-29.