



25 May 2023

Andrew Swanson
Senior Advisor
Australian Energy Market Commission

Submitted via website: www.aemc.gov.au

Dear Andrew,

Response to Draft report – Review into Consumer Energy Resources (CER) technical standards

CitiPower, Powercor and United Energy welcome the opportunity to respond to Australian Energy Market Commission's (AEMC) consultation on the review into CER technical standards.

We support the draft recommendations made by the AEMC to improve compliance with CER technical standards. The proposed dual approach of immediate compliance improvements and regulatory reform actions is a positive step towards ensuring that CER devices operate in a manner that supports the secure and reliable supply of electricity.

The AEMC's 12 draft recommendations for immediate action cover the three stages of the CER device lifecycle - manufacturing and supply, installation, and ongoing compliance. These recommendations provide a pathway for improving compliance and ensuring that new devices comply with technical standards. They also address existing non-compliance by mandating training for installers and providing guidance for inverter installers.

Improved compliance with CER technical standards will have benefits for both customers and distribution businesses. Compliance will reduce the risk of faults or issues arising from the use of CER devices, which can affect the security and reliability of all customers' power supplies. Improved compliance will also lead to better network planning and management, which over time will reduce the costs incurred by the distribution business and in turn, customers.

The proposed regulatory reform actions, including exploring the need for a national technical regulator, will provide greater clarity and consistency in the regulation of CER technical standards ensuring better understanding of compliance obligations across the sector and more consistent application of those obligations.

The AEMC's draft recommendations are a positive step. By supporting the implementation of these recommendations, we can work towards a more reliable, efficient, and sustainable electricity system for all customers and at the same time secure supply for both today's and tomorrow's customers.

Should you have any queries, please contact Trent Gibson on 0498 318 036 or trgibson@powercor.com.au.

Yours sincerely,

Brent Cleeve
Head of Regulatory Policy and Compliance
CitiPower, Powercor and United Energy

Appendix

1. Devices must be compliant at the manufacturing and supply stage, and we support the facilitation of greater access to original equipment manufacturers (OEMs) data

It is important CER devices are compliant at the manufacturing and supply stages. We are supportive of the draft recommendations which urge OEMs to:

- remove historical device settings
- make 'region A' the default setting
- update devices remotely to support compliance
- provide data to distributors and Australian Energy Market Operator (AEMO) to better support monitoring of non-compliances.

The implementation of these recommendations by OEMs will streamline this installation process and reduce confusion for installers.

Where an OEM can remotely update devices, there is a low-cost opportunity to drive greater compliance with CER technical standards. To allow inverter settings to be updated remotely in the future, all inverters should have internet connectivity.

The ability to perform remote updates provides an important backstop should an inverter be installed to the incorrect setting. It will also be critical should a new standard, such as CSIP-Aus, be implemented.

We support OEMs sharing access to CER data. This would provide distributors greater transparency of CER compliance and a better understanding of where non-compliance with CER standards is occurring.

We appreciate that these are currently voluntary obligations on OEMs, as the AEMC has limited ability to place obligations on non-NEM participants. To properly address this issue, a clear and effective regulatory framework is necessary to enforce standards on manufacturers. We therefore encourage the AEMC to continue to progress work on reforming national regulation on CER standards.

2. The role of the Clean Energy Council (CEC) must be expanded

We consider it appropriate that the CEC plays a greater role overseeing compliant installation of CER devices.

We support the AEMC's recommendations which provide measures to promote the likelihood of correctly configured devices including that:

- the CEC introduces CER technical standards as a requirement to be listed as an approved seller
- the CEC publish and make freely available guidance material for installers to support configuring devices in compliance with CER technical standards
- CER technical standards training should be mandated for Commonwealth's Small-scale Renewable Energy Scheme (SRES) accreditation.

The introduction of the new energy tech consumer code (NETCC) sets a minimum standard of service for customers looking to purchase new energy tech products, systems, and services.

As the CEC is the administrator of the NETCC, and requires NETCC standards be met before being listed an approved seller, we don't consider it onerous for CER technical standards to be met in addition to the NETCC criteria.

The CEC should provide material to support the correct installation of CER devices. We agree with the AEMC that the CEC is well placed to provide this material, as it is the body most likely to be in contact with OEMs and hence can assist with providing the information to installers who need to understand and digest this information.

We agree with the AEMC that the CEC (and any other accrediting body which may be introduced in the future) should require CER technical standards training to be mandatory for accreditation under the Commonwealth's SRES. If this training is provided to an adequate standard, it may also incorporate recommendation six, which is for funded training on CER technical standards be provided to installers.

We similarly support the CEC to expand their 'demerit points' system, which can lead to suspension of accreditation, to capture CER technical standards. Currently, minimal consequences exist for installers who select the wrong settings. Whilst demerits are not a significant penalty, it will provide some impetus for installers to ensure they meet their obligations. Should an installer be suspended, customers will avoid these installers, and select an accredited installer who will install a compliant device.

3. Higher compliance levels have been driven by the introduction of commissioning sheets

We welcome the AEMC's recommendation for distributors to introduce commissioning sheets for CER devices.

Commissioning sheets are an important tool available to distributors to ensure that CER devices are installed and commissioned in a compliant manner.

Since introducing commissioning sheets in October 2022, they have had a positive impact on installer behaviour and compliance on our networks. We are now averaging around 80 per cent of valid documents being provided each week.

Unfortunately, commissioning sheets can be manipulated by installers. We have performed analysis which shows there are instances where a commissioning document was presented as valid, however, the CER devices were set incorrectly.

While introducing a commissioning sheet has driven higher compliance with CER technical standards, it is a single tool which needs to be complemented by the other recommendations made by the AEMC.

4. Support must be provided for ongoing compliance

Compliance with CER technical standards must be maintained once devices have been connected to the distribution network.

The AEMC has recommended that:

- distributors develop and follow a defined process for contacting customers suspected of non-compliance, and explain options to those customers for returning to compliance
- jurisdictions subsidise re-configuration, remote update or re-installation of non-compliant CER devices on behalf of customers.

Where a distributor identifies a non-compliant CER device, we are supportive of efforts to educate and assist customers in meeting their obligation. Using smart meter data, distributors can perform data analysis to determine inverter compliance. However, as the AEMC is aware, while distributors can contact customers and suggest methods for returning to compliance, there are limited further avenues to resolve non-compliance except for disconnection.

We are supportive of the AEMC recommendation for subsidised re-configuration of non-compliant CER devices. This would allow distributors to provide a clear and direct path to compliance. We would be supportive of jurisdictions subsidising such a program and consider the benefits to outweigh any financial costs for customers.

5. National reform to CER regulations is required

The establishment of a national CER regulator would benefit distributors and customers.

Non-compliant CER devices are a source of concern, as they:

- create avoidable reductions in hosting capacity, limit future export equity for customers, and impact our ability to efficiently control voltage across the network
- can lead to solar customers experiencing frequent trips to their system, customers seeing lower returns than expected on their solar investment, and new solar customers being prevented (or limited) in some cases from exporting excess energy
- lead to network-wide issues such as voltage and power quality problems for all customers, requiring expensive network upgrades.

The establishment of a national CER regulator would allow for gaps in the current regulatory framework to be closed.

Given the uptake of CER devices will continue to grow, there is a clear need for the roles and responsibilities of all parties to be clearly defined (and aligned). Transparency around regulatory requirements, along with the ability to enforce those requirements, will be key to ensuring ongoing compliance.

6. When undertaking national regulatory reform consideration must be given to harmonising regulatory frameworks.

In Victoria, the Department of Energy, Environment and Climate Action (DEECA) recently consulted on Protecting consumers of Distributed Energy Resources.¹

Harmonisation with other jurisdictions was seen by most stakeholders as a worthwhile goal and it was noted the AER's ongoing 'Review of consumer protections for future energy services' provided a unique opportunity for the Victorian Government to align its regulatory framework with NECF jurisdictions. We consider this opportunity for harmonisation exists in the regulation of CER technical standards.

DEECA's consultation identified stakeholder support for:

- a licensing regime to ensure visibility, oversight and compliance and a desire for alignment or harmonisation with national frameworks and technical requirements while avoiding duplication of regulatory obligations
- the need to ensure technical standards are met particularly relating to connections/installation and to realise benefits to consumers and the grid
- mandating compliance with technical standards and industry codes to drive better quality installation and reduce the risk that consumers encounter problems when installing and connecting DER products and services.

We encourage the AEMC to continue to advocate for the introduction of a national CER regulator while having regard to initiatives being undertaken in other jurisdictions.

¹ Consultation summary - Protecting consumers of Distributed Energy Resources, May 2023