



Consultation starts on Technical standards for DER

The AEMC has started consultation on a rule change request seeking to apply minimum technical standards to distributed energy resources across the national electricity market.

The rule change request

The rule change request submitted by the Australian Energy Market Operator (AEMO) seeks to amend the National Electricity Rules and National Energy Retail Rules to allow it to create an initial set of technical standards that will apply to new DER across the national electricity market (NEM).

AEMO has made this request because, it considers that improving technical standards and standardising performance capabilities of DER in the market:

- Will enable a higher penetration and better integration of these assets, allowing them to contribute to Australia's future electricity needs.
- Will address the difficulties AEMO has in operating the NEM with large penetrations of DER. In particular, in maintaining system security and in moving the system to return to a steady state following a contingency event.

Assessing this rule change request does not require the AEMC to consider the detailed content of the DER minimum technical standards. Instead, this rule change process is concerned with assessing the proposed creation of a subordinate instrument that specifies minimum technical standards (as initially determined by AEMO) and what those standards will apply to.

Interaction of the rule change request with other work streams

This rule change request seeks to address some imminent system security issues caused by DER connections. It is one part of three concurrent work streams that are being undertaken by the AEMC, AEMO and the Energy Security Board (ESB) aimed at improving the use and management of DER. In addition to the AEMC's rule change process:

- AEMO will carry out a consultative process to develop the initial set of minimum technical standards that will apply to DER from the end of 2020
- the ESB will develop a new governance framework to support nationally consistent minimum technical standards for DER.

Issues for consideration

The rule change request raises a range of issues that are further explained in the consultation paper. Stakeholders are invited to comment on these issues, which include:

- whether a subordinate instrument that obligates AEMO to set minimum technical standards is efficient in addressing DER performance and associated system security issues
- what checks and balances might be placed on subordinate powers to set technical standards, including those for AEMO to set an initial standard, its content and duration
- whether the National Electricity Rules should include a high level definition of DER, and accordingly, what limitations may apply
- how the rule and/or the subordinate instrument would apply in Western Australia, the Northern Territory and Victoria
- how monitoring and compliance requirements could be established, inclusive of implementation dates, who is best placed to monitor, and enforcement powers or penalties

that may be required

- the expected costs and benefits of implementing the standard, including impacts on consumers, market participants, and competition implications.

Next steps

The consultation paper and the rule change request are available on the AEMC's website. Stakeholders are invited to make written submissions by 23 July 2020.

The AEMC expects to publish a draft rule determination in October 2020.

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