



## Distributed energy resources integration – updating regulatory arrangements

### Consultation commences on rule change requests seeking to unlock the benefits of investments made in distributed energy resources for the whole electricity system and everyone who uses it

The Australian Energy Market Commission (the Commission) has received three rule change requests which aim to better facilitate the efficient integration of distributed energy resources (DER) for the grid of the future. The proposals seek to amend the National Electricity Rules (NER) applying to the economic regulation of distribution network service providers in the National Electricity Market (NEM).

The requests were submitted by SA Power Networks, the St Vincent de Paul Society Victoria, and Total Environment Centre together with the Australian Council of Social Service. They are the result of detailed work undertaken over the past nine months by a broad collaboration of stakeholders through the Distributed Energy Integration Program (DEIP).

#### Why now?

The way customers interact with the electricity system is transforming in response to new technology and market developments, and climate change concerns. Households and small businesses are increasingly investing in DER. DER is generally located at a customer's premises and can include rooftop solar PV, energy storage (such as batteries), demand response, energy management systems and electric vehicles.

The increased uptake of DER, especially solar PV, is re-defining the role of distribution networks. DNSPs are expected to facilitate the two-way flow of energy, rather than only the one-way consumption of energy – which has been their traditional role and is reflected in regulation.

#### What's proposed?

The proponents consider the current regulatory framework is no longer fit-for-purpose. The three rule change proposals aim to unlock the benefits of DER by providing greater flexibility for the Australian Energy Regulator and distribution businesses to efficiently meet consumer preferences.

The proposals focus on three key areas:

1. Updating the regulatory framework to reflect the community expectation for DNSPs to efficiently provide export services to support DER.
2. Promoting incentives for efficient investment in, and operation and use of, export services.
3. Enabling export charges as a pricing tool to: send efficient signals for future expenditure associated with export services, reward customers for actions that better utilise the network or improve network operations, and allocate costs in a fair and efficient way.

These proposed reforms will not come as a surprise to most in the energy sector. The rule change requests draw on an extensive and collaborative consultation process that was conducted as part of ARENA's Distributed Energy Integration Program (DEIP) – led by Total Environment Centre and the Australian Council of Social Service.

#### Have your say

The Commission is seeking feedback on the amendments to the NER proposed by the

four rule change proponents to achieve the above objectives. The issues for consultation are discussed and questions raised in a consultation paper – providing guidance for stakeholder submissions.

The AEMC is holding a virtual public forum on 13 August 2020. Interested stakeholders can register for the forum via the project webpage.

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