

13 January 2021

Ms Merryn York
Chair
Australian Energy Market Commission

Online Submission
Reference: ERC0301

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Dear Ms York

Technical standards for distributed energy resources draft determination – AEMO Submission

AEMO welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) Draft Determination on Technical Standards for Distributed Energy Resources (DER).

AEMO acknowledges the AEMC's draft Rule and notes that this is an important first step in putting in place measures necessary to ensure the ongoing safe and secure operation of the NEM, while accommodating the energy supply transition through integration of greater amounts of DER.

This Rule change, initiated by AEMO, intended to create a temporary (interim) measure to support robust and timely management of near-term system security risks, one that enshrined the principle of collaboration in developing such capabilities in the National Electricity Rules (NER). AEMO is supportive of this draft Rule, and others to be considered, retaining collaboration across industry as a central tenet.

The impact of DER is unique in that it is material across the NEM – from the smallest consumer, through retailers, distribution and transmission networks service providers even through to the market operations managed by AEMO. Collaboration across such a diverse group can be effective and achievable, as was demonstrated throughout 2020 via the uplift and publication of AS/NZS 4777.2, the Distributed Energy Integration Program establishing formal industry collaboration structures, and through on-going development of the Australian Implementation Guide for IEEE 2030.5. As such, AEMO recommends that the further development of new DER standards must include leadership and contribution from across DNSPs, consumers, Retailers, manufacturers and other key industry stakeholders such as TNSPs and AEMO. These principles should underpin the AEMC's consideration of the Energy Security Board's Rule change proposal to establish a new governance framework for the development of DER Technical Standards moving forward.

It is important to acknowledge that beyond this immediate Rule change, important further work needs to be prioritised and undertaken, including the Energy Security Board's Rule change proposal to establish a new governance framework for the development of DER Technical Standards moving forward; and consideration of further matters such as DER interoperability

requirements, and means to define technical standards applicable to larger scale and non-inverter connected DER.

It is critical this further work progresses urgently as the risks presenting from distributed rooftop solar, detailed in AEMO's rule change proposal, continue to emerge across the NEM. In particular, AEMO observes that the system security risk created by declining minimum demand has great uncertainty in forecasts particularly due to the impact of COVID-19 on typical economic activities and work/lifestyle arrangements across the community. Uncertainty in forecasts has already been seen in Queensland where certain scenarios, based on 2020 actual installation, and assuming distributed rooftop solar growth continuing in line with rates over the past 3 years, indicate minimum daytime demand risks may emerge in 2022, 12-24 months earlier than scenarios in AEMO's August 2020 *Electricity Statement of Opportunities*.

One aspect of the AEMC's Draft Determination that may require further clarification, is how the proposed DER Technical Standards will operate now that the revised AS/NZS 4777.2 has been published (on 18 December 2020), with a final implementation date of 18 December 2021. The final rule should ensure that any reference to AS/NZS 4777.2 in the NER automatically updates to includes revisions to the standard made by Standards Australia from time to time without the need for a rule change. AEMO understands this is the AEMC's intent of the draft Rule, however it is not clear whether the drafting actually delivers this outcome.

AEMO welcomes the opportunity to provide further input as this rule change process progresses, and to continue to work closely with industry on the governance rule change and any subsequent DER technical standards work program. Should you wish to discuss any of the matters raised in this submission, please contact Kevin Ly, Group Manager Regulation on kevin.ly@aemo.com.au.

Yours sincerely



Violette Mouchaileh
Chief Member Services Officer