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14 January 2021

Mr Rupert Doney
Project Leader
Australian Energy Market Commission
Level 15, 60 Castlereagh St
Sydney NSW 2000

Dear Mr Doney

**Re: Consultation on Technical standards for distributed energy resources
draft rule determination**

Thank you for the opportunity to comment on the Technical standards for Distributed Energy Resources (DER) draft rule determination.

Overview

The AER acknowledges the imminent electricity system security challenges associated with increased penetration of DER identified by Australian Energy Market Operator (AEMO) in its rule change request.

These are important policy issues to address. In principle, we consider minimum technical standards for DER are an appropriate mechanism to ensure the power system operations can be managed so that the power supply remains secure and reliable for consumers.

This draft rule determination is one step in implementing the Energy Security Board's (ESB) priority to integrate DER effectively into the NEM.

Comments on the draft rule determination

Comments on the proposed standard

Australia has one of the highest penetrations of rooftop solar (photovoltaic) in the world and this proposed rule change represents an important step forward in the active participation of these generation devices in the overall power system.

In the early days of solar PV, it was not clear how these devices would interact with the grid. As such, the early rules required solar PV to disconnect from the grid if any sort of instability

or problem was sensed. If there was the loss of a major transmission line or generation plant, the solar PV systems were programmed to disconnect themselves.

Today, rooftop solar PV capacity in the national market is now many times greater than any of the individual coal or gas generation facilities. This means that we can no longer afford to simply remove this capacity at times of instability. Instead, the new standards will support solar PV to “ride through” these periods of instability, and not exacerbate the problem by withdrawing their generation when it may be most needed.

We consider that these standards represent a significant milestone as we move towards a more renewable and distributed energy system.

As the technologies that support distributed energy resources (i.e. solar PV, batteries and electric vehicles) develop, we expect the standards that integrate these devices with the energy grid will also need to continue to develop.

The proposed standard will support distributed energy devices in riding through system disturbances. Future updates to these standards will need to address how distributed energy can actively contribute to mitigating or even rectifying disturbances on the energy system.

Compliance monitoring

The AER is pleased to see the AEMC’s draft determination has considered stakeholder feedback and our [previous submission](#) in regards to compliance monitoring. The AEMC’s proposed compliance arrangements detailed in Chapter 6 of the Draft Determination are workable and will streamline the end to end compliance checking process. This proposed process will minimise the total industry cost, which will ultimately be borne by consumers.

The AEMC expects the final determination in February 2021 with implementation starting six months after. Given the short implementation period, the AER looks forward to working with the distribution network service providers once the rules are in place to ensure a seamless transition to compliance with the new standards. Our expectation is that DNSPs will work with us to update their connection agreements, including where possible:

- submission of early draft changes to connection agreements in advance for comment and
- limiting amendments to connection agreements to those necessary to implement compliance.

Yours sincerely



Mark Feather
General Manager, Policy and Performance
Australian Energy Regulator

Sent by email on: 14.01.2021