



23 July 2020

Merryn York  
Acting Chair  
Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

Dear Merryn

**Re: EPC0301: Technical standards for distributed energy resources**

CitiPower, Powercor and United Energy welcome the opportunity to respond to Australian Energy Market Commission's (AEMC) consultation paper on technical standards for distributed energy resources (DER).

We agree that technical standards for DER may assist in developing the emerging market. However, we have concerns with this rule change progressing unless the following matters are addressed:

- the rule change needs to focus on the interests of consumers over the longer term, rather than being a short term reaction to matters in a particular jurisdiction
- an enforcement regime should be included in the consultation process
- the costs and benefits to consumers should be considered through the rule change process
- a trigger should be included for a review of the technical standards, together with more comprehensive governance measures upon the Australian Energy Market Operator (AEMO).

These matters are discussed below.

**1. Timing**

This rule change forms part of a broader review of the regulatory framework, including concurrent consultations by AEMO to set an initial DER technical standard which will be implemented if the AEMC rule is made; and the Energy Security Board (ESB) is considering the longer-term DER technical standards governance regime.

Separately, the Australian Standards are currently consultation on AS4777.2. This will conclude in March 2021.

Furthermore, the South Australian Government is undertaking a consultation on addressing power system events caused by rooftop solar photovoltaics (PV). This Smarter Homes consultation will discuss urgent matters arising in that jurisdiction, such as voltage ride-through settings.

It is our view that these related processes negate the need for an immediate short-term rule change and instead provide a valuable opportunity for the market to gain learning's into the design and outcomes of the related programs to then apply to the design of technical standards for DER. This rule change should therefore take the necessary time to consider the solutions that meet the long term interest of consumers.

**2. Compliance enforcement regime**

The compliance framework suggested in the rule change noted it would be ineffective without a corresponding enforcement regime however the rule change does not address such a regime. We believe an enforcement regime should be included in the consultation process and considered as part of the standards implementation.

We believe the required level of compliance monitoring will depend on the content of the technical standard and who is responsible. We suggest that installation should be monitored by distribution networks or

alternatively by auditors. Regarding enforcement of compliance, installers need to have greater accountability and the Clean Energy Council (CEC) should have greater involvement with wider stakeholders to facilitate training to installers.

### **3. Impact and cost of implementation**

DER technical standards should be set by AEMO in conjunction with other relevant stakeholders, for example distributors and installers, and should not adversely impact the way networks are operated. We believe that AEMO's consultation did not ensure this.

The AEMO rule change request did not provide information on the expected costs of the initial DER minimum technical standard. Costs are likely to increase on distributors if there are two steps in the framework, as investments will need to be made by distributors to meet the initial technical standard to address short term issues, as well as further cost if these differ from the longer term solution. This approach appears inefficient, particularly where these costs will be passed on to our customers, in time where energy affordability remains a key concern within communities.

### **4. Proposed governance**

We are concerned that the rule change proposal gives AEMO wide-ranging scope to implement, and change standards, that affect all stakeholders without an equivalent governance structure.

There should be an arrangement to allow for the review of the scope of the minimum technical standards at a future date agreed by all stakeholders. We also suggest to specify a commencement date for the DER minimum technical standard and allow for a grace period (e.g. 6 months after the standards are published) before the standard applies.

If a rule must be made, then we propose that the rule include a clear end date as well as implementing more comprehensive governance measures upon AEMO.

Should you have any queries, please contact Elizabeth Carlile on 0419 878 852 or [ecarlile@powercor.com.au](mailto:ecarlile@powercor.com.au).

Yours sincerely,



Brent Cleeve  
**Head of Regulation**  
**CitiPower, Powercor and United Energy**