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Thursday, 14 January 2021

Mr Rupert Doney
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

By email: <https://www.aemc.gov.au/contact-us/lodge-submission>

Dear Mr Doney

RE: ERC0301 – Technical standards for distributed energy resources, draft Determination

ERM Power Retail Pty Ltd (ERM Power) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) draft Rule Determination on proposed amendments to the National Electricity Rules (NER) which establishes the distributed energy resources (DER) Technical Standards to regulate inverter performance.

About ERM Power

ERM Power (ERM) is a subsidiary of Shell Energy Australia Pty Ltd (Shell Energy). ERM is one of Australia's leading commercial and industrial electricity retailers, providing large businesses with end to end energy management, from electricity retailing to integrated solutions that improve energy productivity. Market-leading customer satisfaction has fueled ERM Power's growth, and today the Company is the second largest electricity provider to commercial businesses and industrials in Australia by load¹. ERM also operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland, supporting the industry's transition to renewables.

<http://www.ermpower.com.au>

<https://www.shell.com.au/business-customers/shell-energy-australia.html>

General comments

ERM Power supports the development and implementation of DER and recognises the potential challenges it brings to the ongoing secure operation of the power system. We agree that minimum technical standards for DER is needed to support electrical system security, distribution network management, and affordability for consumers.

ERM Power is encouraged to see the AEMC take a pragmatic and proportionate approach in making a more preferable draft Rule to better manage the impact of micro-embedded generators on the power system. ERM Power supports the proposed approach which will see the creation of DER Technical Standards comprised of the Australian Standard AS 4777.2: 2015² and AEMO's short duration undervoltage response testing requirements. We consider the preferable draft Rule will avoid any unnecessary cost and complexity for projects, which may inhibit the uptake of DER among large energy users.

¹ Based on ERM Power analysis of latest published information.

² *Grid connection of energy systems via inverters, Part 2: Inverter requirements*



ERM Power notes that Standards Australia released the updated version of AS 4777.2:2020 in December 2020. Given this, we encourage the AEMC to refer to the updated Standard in the final Rule rather than AS 4777.2:2015 and AEMO's short duration undervoltage response testing. This will ensure that performance capabilities and requirements are in-line with international best practice for low voltage inverters.

The AEMC proposes that the DER Technical Standards should only focus on inverter performance and grid responsiveness. ERM Power agrees with this approach and considers that other matters are better addressed through the work being undertaken by the Energy Security Board's Review into Governance of DER Technical Standards. This will ensure a streamlined approach to the regulation of DER and reduces the risk of unintended consequences due to conflicting or duplication of regulations. We also agree with the proposal to not apply the DER Technical Standards to existing assets given the complexity and cost this would bring to participants.

We are pleased to see that rather than defining DER in the NER, the preferred Rule proposes to use the existing definition of micro-embedded generator, as defined in Chapter 5A of the NER, to determine the devices to which the DER Technical Standards will apply. We consider this is a sensible approach to take as this will account for evolving technological capabilities and business models.

Please contact Carmel Forbes at carmel.forbes@shell.com or 07 3364 2404 if you would like to discuss anything raised in our submission.

Yours sincerely,

[signed]

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