



23 July 2020

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Submitted via AEMC website

Dear Alex,

**Rule Change Consultation – Technical Standards for Distributed Energy Resources – ERC0301**

PLUS ES welcomes the opportunity to provide feedback to the Australian Energy Market Commission's (AEMC) Rule Change Consultation – Technical Standards for Distributed Energy Resources (DER) – ERC0301.

PLUS ES is overall supportive of the objective the Australian Energy Market Operator (AEMO) is setting to achieve with this rule change. We do have a few concerns or items for consideration which have been incorporated in our responses to the AEMC posed questions, in the table below.

AEMC Question Topic	AEMC Question & PLUS ES Response
<b>Q1: Assessment Framework</b>	<p><b>Do you agree with the proposed assessment framework? Should the assessment framework include additional considerations and if so, what are they and why?</b></p> <p>PLUS ES agrees with the proposed assessment framework. Additional considerations for the framework:</p> <ul style="list-style-type: none"> <li>• The regulatory burden directly imposed on asset owners such as Metering Providers etc</li> <li>• The avoidance of imposing standards on all hardware devices i.e. inverters, smart meters and other DER devices at the same time, which would result in unnecessary costs to the customer and associated service providers.</li> <li>• Financial benefits/incentives for customers which will promote greater customer engagement. In the absence of these incentives customers will always discover and implement avoidance mechanisms</li> <li>• Introduction of consistent minimum technical standards for DER</li> </ul>
<b>Q2: Setting the initial standard and definition of DER</b>	<p><b>1. Should the initial DER technical standard be set by AEMO?</b></p> <p>PLUS ES supports AEMO setting the initial DER technical standard, as they are possibly the best placed technical group with visibility to overlaying requirements from all industry bodies. Hence, they would also be best placed to deliver the right level of harmonisation across the NEM. There are a few caveats to the above:</p> <ul style="list-style-type: none"> <li>• The definition of DER and connected DER devices should be clear and unambiguous, to avoid different interpretations, without mandating a process/solution</li> <li>• Having a governance framework in place where by any future reviews/updates to the minimum standards allow industry participants: <ul style="list-style-type: none"> <li>○ Fair notice of pending updates and implementations</li> <li>○ Fair consultation timeframes which will allow participants enough time to perform their internal impact analysis, given the potential burden which may be imposed by the</li> </ul> </li> </ul>

	<p>updated standards.</p> <ul style="list-style-type: none"> <li>○ Striking a right balance of the above 2 points whilst being flexible to deliver the appropriate outcome within effective timeframes, i.e. new cyber threats.</li> </ul>
	<p><b>2. Should the minimum standards be inserted into the minimum content requirements of connection contracts, negotiation frameworks and model standing offers or terms?</b></p> <p>PLUS ES support the inclusion of minimum standards be inserted into the minimum content requirements of connection contracts, negotiation frameworks and model standing offers or terms.</p> <p>Any updates to the standards should not impose additional burdens to the existing customer unless that customer is undertaking an upgrade.</p>
	<p><b>3. What should the standard apply to and is a DER definition needed in the NER?</b></p> <p>PLUS ES proposes the standard:</p> <ul style="list-style-type: none"> <li>• Should apply to any devices which can provide measurement and/or control of electrical power flowing through that device. However, the measurement of power and control should be separate because not all devices can do both.</li> <li>• Should focus on an outcome by providing the detail and clarification whilst being solution agnostic; as technology is constantly evolving and interested parties should be able to grow or challenge the current status quo. Developing a standard, based on current technical solutions only will discourage new emerging solutions.</li> </ul> <p>PLUS ES believes there are advantages of having the DER definition in the NER as long the definition is solution agnostic and defined in a manner which would not require it to be reviewed at a frequency which is proportional to evolving technologies. i.e. the definition will still apply to several iterations of evolving technologies over a period without requiring a review.</p>
	<p><b>4. Do stakeholders agree that the standard should only apply to new and replacement devices? Will this meet the objectives of the desired policy outcome of this rule change request?</b></p>

	<p>Applying the standard only to new and replacement devices is logical and would not burden the existing customers with the probability of additional financial costs.</p> <p>It will not however meet the objectives of the desired policy outcomes of this rule change within the imminent future. i.e. in jurisdictions where there is a high saturation of DER. The outcome would be achieved over the long term.</p> <p>To promote retrospective upgrades of old devices which do not meet the standard would likely require the application of a financial incentive framework. Otherwise there is a financial burden on customers and stakeholders such as asset owners.</p> <p>Furthermore, the rules should also not prohibit retrospective upgrade.</p>
<p><b>Q3: CONTENT AND DURATION OF THE INITIAL MINIMUM TECHNICAL STANDARD</b></p>	<p><b>1. Should the scope of the initial technical standard be limited by the NER?</b></p> <p>The NER should provide a high-level scope and objectives and then allow AEMO to define and implement the technical standards.</p> <p>There should be some consistency in the short term and long-term framework to avoid any costly (systems and hardware) technology changes which becomes obsolete when long term governance framework is established.</p> <p>PLUS ES recommends that the initial technical standard enables a robust state which would allow an efficient transition to a long-term approach. This would allow impacted parties to make informed investment decisions, as required. The framework and technical solution should form the foundation of the long-term future state rather than a temporary state with an obsolete application.</p>
	<p><b>2. If so, should there be arrangements to allow for a review of the scope at a future date?</b></p> <p>Irrespective of whether the scope is limited by the NER or not, a review should be allowed at a future date to:</p> <ul style="list-style-type: none"> <li>• ensure the objective and the desired policy outcome are being met</li> <li>• ensure alignment with governance frameworks developed by other market bodies i.e. ESB</li> </ul>

	<ul style="list-style-type: none"> <li>identify any barriers or challenges which downstream stakeholders are encountering</li> </ul>
	<p><b>3. Should the role of AEMO in setting DER minimum technical standards (the subordinate instrument) be limited in time, with the ESB's governance review outcomes to be introduced into the framework at a later date</b></p> <p>A more efficient practice would be to have one party i.e. AEMO, collating the overlaying requirements of various market bodies into a central document for industry stakeholders to use as a reference. This would of course be completed through the appropriate consultation channels.</p>
<p><b>Q4: APPLYING THE STANDARD AND MONITORING COMPLIANCE</b></p>	<p><b>1. How can the proposed solution be applied in Western Australia, Victoria and the Northern Territory?</b></p> <p>Focusing on the intended and desired outcome rather than been prescriptive on a solution could achieve a level of consistency across the NEM which could be applied even to states such as VIC, WA and NT.</p>
	<p><b>2. Is it sufficient to specify a commencement date for the DER minimum technical standard only and have the implementation dates for the individual standard components set out in the standard itself?</b></p> <p>Having the implementation dates for the individual standard components set out in the standard itself could deliver a level of flexibility especially in instances where the standards would require an update.</p> <p>For efficiency, the commencement date and the implementation dates need to allow a period of implementation and transition for impacted stakeholders. This should allow a minimum period of 6 months.</p>
	<p><b>3. What level of compliance monitoring is needed?</b></p> <p>PLUS ES recommends a light touch compliance monitoring initially during the first few years of implementation, subject to market evolution, before applying more stringent compliance monitoring.</p>

	<p><b>4. Who should monitor compliance with the technical standards? How can compliance be enforced?</b></p> <p>PLUS ES believes there are available mechanisms today which enable similar compliance monitoring; these could also be adopted for the technical standards. We do not have a specific preference.</p>
<p><b>Q5: COST OF THE INITIAL STANDARD</b></p>	<p><b>1. Considering AEMO's proposed initial standard in section 5.2, Box 1, what are the expected costs and benefits of implementing the initial standard for consumers, other affected parties and DNSPs?</b></p> <p>PLUS ES does not have the data to quantify the benefits.</p> <p>However, the following items will have a direct cost impact when considering the proposed initial standard:</p> <ul style="list-style-type: none"> <li>• Smart metering specifications other than those currently outlined in the NER – i.e. capital invested in possibly stranded assets</li> <li>• Additional hardware</li> <li>• Resources and associated training</li> <li>• System enhancements to cater for communication protocols</li> </ul>

PLUS ES would welcome any further discussion in relation to this submission.

If you have any questions or wish for further discussion, please contact Helen Vassos on 0419 322 530 or at [Helen.vassos@pluses.com.au](mailto:Helen.vassos@pluses.com.au).

Sincerely,



**Darren Ferdinands**  
Head of Metering - PLUS ES