

25 May 2023

Anna Collyer

Chair

Australian Energy Market Commission

Submitted via website

Dear Ms Collyer,

## ENA Response to AEMC Review into CER Technical Standards – Consultation Paper

Energy Networks Australia (ENA) welcomes the opportunity to provide input to the AEMC's review of CER Technical Standards.

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

Customer Energy Resources (CER) integration is a crucial part of Australia's aspiration to reach Net Zero and create an energy system that continues to deliver safe, reliable, efficient and renewable power.

This review is a great start, but further work on the long-term frameworks (incentives, compliance and enforcement) required to support customers to engage in this future are not being progressed in a timely manner.

Many of the draft report's recommendations appear to be aimed at addressing specific short-term symptoms rather than underlying root causes. Greater long-term value could be achieved with a stronger focus on accountabilities and enforcement.

### Key messages

- » ENA broadly agrees with the recommendations presented in the AEMC report, however, given the short term and voluntary nature of the recommendations, we believe the most important aspect of the AEMC review may be recommendation 13 - developing long-term regulatory frameworks for CER.
- » The draft report focusses on the AS4777 standard but misses the opportunity to evaluate emerging standards such as the Common Smart Inverter Profile Australia (CSIP-Aus) and other technologies. We recommend the AEMC reconsider their recommendations with this important context in mind to minimise the cost of implementation over the long-term.
- » The lack of a robust future roles and responsibilities assessment continues to highlight the need for this work to provide important direction to industry.

- » In lieu of a national CER regulator, other existing stakeholders should be leveraged to assist in compliance functions. State government and jurisdictional bodies could instead play that regulator role in CER through compliance within their existing safety and technical remit, licensing functions, social acceptance and powers.

## The AEMC should provide recommendations on changes to the regulatory framework

ENA and our members strongly agree with the AEMC's central premise that "Improved CER technical compliance is needed" and we thank the AEMC for strongly acknowledging the importance of CER compliance in the draft report.

Wide-spread non-compliance of CER is a serious issue in places like South Australia now, and it will become imperative to all of Australia in the next decade as more CER is connected to the shared network and becomes a correspondingly higher part of the generation mix.

ENA recognises the need to be pragmatic when pursuing short term and interim arrangements that improve compliance and support the AEMC's recommendations in principle.

While the 12 recommendations outlined in the draft report would improve compliance levels, more must be done to achieve much higher level of compliance (>90%) into the long-term. Indeed, we do not consider the voluntary nature of the proposed measures to be sustainable because it lacks clear accountability for implementation.

We acknowledge the limits of the AEMC's powers to make these recommendations enforceable without consequential rule changes and we strongly encourage the AEMC to keep working with key stakeholders on creating an enduring, holistic and, most importantly accountable, approach to CER integration.

Recommendation 13 is perhaps the most important to deliver long-term value. This recommendation suggests future changes to the regulatory frameworks are required to ensure a consistent and sustainable approach to CER compliance. However, the AEMC does not provide their assessment of the required changes to the regulatory framework in the draft report.

We consider this is a missed opportunity to provide clear guidance on the necessary changes to the regulatory framework, including roles and responsibilities of different industry participants, and the assessment of consequences if the necessary changes are not progressed. This could include a roadmap for implementation of progressive changes and outlining any consequential rule changes.

Importantly, the AEMC should work closely with jurisdictional governments and agencies, and other market bodies to work towards CER compliance with short and long-term solutions being progressed in parallel.

## The review should capture emerging standards such as CSIP-Aus

We note the draft report is focused on the current inverter standard AS4777.2, given the high level of non-compliance demonstrated with this standard to date. However, we believe the review would benefit from more emphasis on the future role of CSIP-AUS and other emerging standards in the sector, such as OCPP 1.6 for EV charging.

A digital implementation could provide a long-term solution that minimises the issues associated with hardcopy documents, minimises effort for all parties and gives greater (and more efficient) assurance of compliance to DNSPs. A digital solution may also decrease the need to fund other recommendations such as installer training and reduce overall implementation costs.

Some of the recommendations proposed by the AEMC, including those around commissioning sheets and sharing of inverter data, may present a need for new investments and systems by some networks, which could be significant.

If the review does not consider how these investments can be utilised to ensure compliance via emerging standards, including CSIP-Aus, there is a high likelihood further investment by the networks will be required to ensure compliance of each new standard.

We also note that some recommendations may present significant costs to Distribution Service Network Providers (DNSP) with no clear path to cost recovery.

The AEMC should consider how to implement these recommendations and provide sufficient clarity of direction for network businesses to engage with their customers and regulators on these matters throughout their overlapping regulatory resets.

We strongly encourage the AEMC to revisit the recommendations with the view of longer-term applicability to current and emerging standards, to minimise cost and complexity of implementation of systems that ensure compliance.

## Roles, responsibilities and accountabilities

The draft paper continues to highlight the importance (and lack) of a robust assessment of future roles, responsibilities and accountabilities in the energy sector. This is the missing piece between clearly articulating where we are now and what is required to deliver a high CER future that delivers on societal expectations.

Without a clearer view of who is responsible for what, many of the issues related to CER quickly devolve into “everyone, but no one”. This sustained uncertainty undermines efforts across the energy supply chain to work towards a holistically considered future energy system and a supporting regulatory framework that delivers net positive benefits for customers.

Additionally, there is an opportunity to learn from the Power of Choice metering reforms and implement pragmatic approaches that achieve tangible outcomes. While it may be theoretically efficient for individual customers to lead on technology choices where they see a value proposition, a pragmatic overall approach that results in the best outcomes for all customers is likely to require making clear technology choices for customers, such as shifting to CSIP-Aus.

Australia is still at the beginning of our CER transition and so we can implement frameworks that provide for the best outcomes for customers and their CER.

## Potential options in lieu of a national regulator

ENA strongly supports the idea of a national CER regulator in the long-term, however we acknowledge that there are significant practical implementation hurdles and is an unlikely outcome in the short to medium term.

In lieu of this outcome, there may be potential interim options to be explored at the state level, particularly collaborations between government, networks and CER retailers. An emerging example of this is occurring in South Australia where South Australian Power Networks (SAPN) is proactively implementing a CER compliance framework focussing on solar retailers with support from their state government and other parts of industry.

This compliance effort is not a rules-based obligation on SAPN. DNSPs in other states may not have the same ability to replicate this solution without this being supported as part of their regulatory resets.

Another potential option might be to involve jurisdictional bodies such as state technical/safety/economic regulators to assist in delivering CER compliance. We encourage this approach to work towards a national standard ahead of a national CER regulator.

The remit and powers of state bodies differ so individual state-based solutions may be needed until such time as a better, nationally harmonised solution can ultimately occur.

Whatever the mechanism and however it is delivered, it is critical that the outcomes in the interim are consistent at a national level to ensure it is efficient and minimises impacts on stakeholders such as OEMs.

If you have any questions or would like to discuss specific topics further, please do not hesitate to contact Dor Son Tan, Head of Distribution [dstan@energynetworks.com.au](mailto:dstan@energynetworks.com.au).

Yours sincerely,

Dominic Adams

**General Manager Networks**