

29 September 2020

DER Program  
Australian Energy Market Operator

Electronic Lodgement to [DERProgram@aemo.com.au](mailto:DERProgram@aemo.com.au)

To the AEMO DER Program Team,

**RE: ENA response to AEMO's Technical Standards for Distributed  
Energy Resources Issues Paper**

Energy Networks Australia (ENA) are pleased to have the opportunity to make this submission in response to the Australian Energy Market Operator's (AEMO) Issues Paper on Technical Standards for Distributed Energy Resources being considered by the Australian Energy Market Commission (AEMC).

ENA is the peak 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.

We and our members are broadly supportive of efforts to improve energy security and technology standards for Distributed Energy Resources (DER) in the National Electricity Market (NEM) and by extension the Wholesale Electricity Market (WEM).

## Key Messages

- » ENA believes the ESB DER Governance work (as proposed in its initial July consultation) is the best vehicle for industry and market-led solutions that are proportionate to longer-term issues.
- » We support AEMO's new stance on excluding Data, Cybersecurity and Active DER management standards from the scope of their short-term goals. These issues will require more time and industry collaboration to develop holistic and efficient market-led solutions.
- » The compliance framework suggested will be ineffective without a corresponding enforcement regime, which the issues paper does not address. An enforcement obligation should not be placed on DNSPs that are not funded to deliver it.
- » In the costs and benefits section, there is a noticeable lack of discussion around the costs to customers of implementing the initial standard or how this will be quantified and assessed. This continues to be of significant concern to networks.

## ESB DER Governance

ENA strongly supports the ESB's proposal for the governance of DER technical standards as outlined in their initial consultation paper in July 2020. We strongly believe that model is the appropriate vehicle to help guide the direction of effort over the long term and ensures good oversight and stakeholder engagement.

It is clear from AEMO's Renewable Integration Study<sup>1</sup> and the recent Electricity Statement of Opportunities<sup>2</sup>, that issues related to minimum demand are only pressing in SA and the SA Government and NSPs are taking a range approaches to manage any security problems posed by minimum demand.

Elsewhere in the NEM there is sufficient time to take a measured and proportionate approach to DER standards, with the revised AS4777.2 due to be published in March 2021, with full inverter compliance required by March 2022.

ENA is not convinced of the justification for this wide consequence rule change since local solutions are already being progressed in the areas where they are most needed. The DNSPs are best placed to understand the impacts of inverter technology on their networks and also best placed to manage any impacts.

We would encourage AEMO to collaborate in a genuine way with all impacted stakeholders, taking the time to develop approaches that have the support of consumers and manufacturers.

## Refocused Scope

We note and support AEMO's decision to delay previously stated goals for standards in Data, Cybersecurity and Active DER Management. Cybersecurity standards and obligations will arise from the current federal work on "Protecting Critical Infrastructure and Systems of National Significance". We agree that there is not enough time to carefully consider these important issues within the timeframes.

However, we continue to believe that these longer term (important) issues need to be considered through a vehicle with more longevity, holistic and strategic scope such as the ESB governance of DER Technical Standards as proposed in their July consultation paper<sup>3</sup>.

## Compliance and Enforcement

The current AS4777 is already a requirement in all connection requirements. It is highly likely that the revised AS4777.2 (once final) will be a required connection standard once published and additional relevant standards will be incorporated in connection agreements.

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<sup>1</sup> <https://aemo.com.au/-/media/files/major-publications/ris/2020/renewable-integration-study-stage-1.pdf?la=en&hash=BEF358122FD1FAD93C9511F1DD8A15F2>

<sup>2</sup> [https://aemo.com.au/-/media/files/electricity/nem/planning\\_and\\_forecasting/nem\\_esoo/2020/2020-electricity-statement-of-opportunities.pdf?la=en&hash=85DC43733822F2B03B23518229C6F1B2](https://aemo.com.au/-/media/files/electricity/nem/planning_and_forecasting/nem_esoo/2020/2020-electricity-statement-of-opportunities.pdf?la=en&hash=85DC43733822F2B03B23518229C6F1B2)

<sup>3</sup> <http://www.coagenergycouncil.gov.au/sites/prod.energycouncil/files/publications/documents/Governance%20of%20DER%20Standards%20Consultation%20Paper.pdf>

However, adherence to the current AS4777 is not assured and is currently a challenge for DNSPs in managing network voltages. This proposed rule change will not result in any practical or significant uplift of DER minimum performance without enforcement, especially in the short to medium-term.

Enforcement of compliance is the only practical way of ensuring that the rules are being followed and the objectives of the rule are being achieved. We therefore question the benefits of “light-touch monitoring and compliance ...primarily for transparency”. Ensuring compliance is complex as it encompasses manufacturers of inverters, installers and consumers.

Enforcement of DER standards is not the responsibility of the DNSP and therefore not one they are currently funded to undertake. AEMO should not seek to place additional risks and operational burdens on DNSPs as this role has not been incorporated into business plans and revenue determinations.

Merely setting minimum standards without effective compliance measures will not deliver the desired outcomes.

## Costs and Benefits

In our response to AEMO’s rule change proposal, we noted that only benefits were listed. Costs (and how they will be considered and addressed) are still largely ignored in the Issues Paper.

It is impossible to be sure what will be in the long-term interests of consumers if a robust analysis of costs is missing. Costs should be closely examined and periodically revisited as they will ultimately flow through to all consumers, who may or may not have DER.

Rigorous examination of the costs (for compliance, consultation and governance) should be balanced against a clear and demonstrated set of customer benefits to justify this work proceeding.

We thank AEMO for the opportunity to make a submission to this important work and look forward to working with them to ensure the energy future of Australia. Should you have any queries on this response please feel free to contact Dor Son Tan, Head of Distribution at [dstan@energynetworks.com.au](mailto:dstan@energynetworks.com.au).

Yours sincerely,



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