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5 August 2020

Merryn York  
Acting Chair  
Australian Energy Market Commission

## **NATIONAL ELECTRICITY AMENDMENT (TECHNICAL STANDARDS FOR DISTRIBUTED ENERGY RESOURCES) RULE 2020**

Dear Merryn

Energy Consumers Australia appreciates the opportunity to comment on the Australian Energy Market Commission's (AEMC) *National Electricity Amendment (Technical Standards for Distributed Energy Resources) Rule 2020* and *National Energy Retail Amendment (Technical Standards for Distributed Energy Resources) Rule 2020 Consultation Paper*. We also valued the related briefings to Consumer Forums by Australian Energy Market Operator (AEMO) and AEMC staff on 7 July 2020, and by Energy Security Board (ESB) staff on 22 July 2020.

Energy Consumers Australia is the national voice for residential and small business energy consumers. Established by the then Council of Australian Governments Energy Council in 2015, our objective is to promote the long-term interests of energy consumers with respect to price, quality, reliability, safety and security of supply.

We appreciate that high uptake of rooftop solar PV systems is presenting challenges to the energy market operation and specifically regarding system security. We support the need for immediate, short-term actions which can address these concerns, in particular autonomous response to disturbances (voltage ride-through).

More broadly we are not persuaded that this current rule change proposal is the best approach to establishing the technical standards required for empowering consumers to manage and control their appliances and generation and home energy storage assets that from a system view are described as distributed energy resources (DER).

The rule change proposes to give AEMO responsibility for an initial set of minimum technical standards for DER to apply from 2020. There is already more than nine gigawatts of distributed solar generation alone installed in the national electricity market<sup>1</sup>. Assuming the minimum technical standards can be developed and applied in record time, and that noting that AEMO forecasts another three gigawatts will be installed by 2025<sup>2</sup>, this means that three quarters of the anticipated total solar PV installations in 2025 are already on rooftops now and will not be subject to the new requirements. Any new minimum technical standard cannot be easily applied retrospectively and can therefore only have limited effect.

There is vast potential for what the ESB describes as DER services to transform the way that households and small businesses use their appliances, generation and energy storage assets. With the right conditions, consumers can partner with industry to deliver the services needed to both mitigate the risk of future system security issues as well as benefit consumers through lower bills.

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<sup>1</sup> AEMO Rule Change Request, p.4. Accessed at [https://www.aemc.gov.au/sites/default/files/2020-05/ERC0301%20RRC0037%20Rule%20change%20request%20pending\\_.pdf](https://www.aemc.gov.au/sites/default/files/2020-05/ERC0301%20RRC0037%20Rule%20change%20request%20pending_.pdf)

<sup>2</sup> Ibid.



Minimum technical standards can form part of the future picture but working with consumers to unlock the potential in the already installed assets will likely be more effective.<sup>3</sup>

As the Consultation paper notes, work is already underway in South Australia to address their immediate need to manage security throughout the coming spring and summer, which we understand is a key driver of the need for urgent change. Given this work is already occurring to address the urgent need for voltage ride-through, without the need for changes to the national energy rules, we question the need for the proposed rule change at this time. We consider there should be adequate time for the proposed DER Standards Governance Committee to develop the most appropriate standards.

We do not consider that AEMO alone should be tasked with developing the minimum technical standards. We are keen to ensure that any standard which is designed to provide protections in exceptional and emergency situations does not prevent the development of consumer-centric standards that will support the development of a market in DER services. However, we appreciate that, as market operator, AEMO has unique insight into the challenges that result from the current rooftop solar PV systems, and would be able to provide essential expertise to guide the development of standards as part of the Energy Security Board's proposed DER Standards Governance Committee. We consider this would be a more appropriate approach.

In light of the current work underway to address the immediate risks, and the associated proposal for a DER Standards Governance Committee which will have extensive expertise, including that of the market operator, to develop DER technical standards, we are not persuaded of the need to progress the current rule change proposal.

Should you have any questions about our comments in this submission, or require further detail, please contact Jacqueline Crawshaw, Acting Director, by phone on 02 9220 5520 or by email at [jacqueline.crawshaw@energyconsumersaustralia.com.au](mailto:jacqueline.crawshaw@energyconsumersaustralia.com.au).

Yours sincerely,

Lynne Gallagher  
Chief Executive Officer (Interim)  
Energy Consumers Australia

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<sup>3</sup> Consumers are telling us that they are willing to change their behaviour. The June 2020 Energy Consumer Sentiment Survey shows that around 70-81% of households and 82% of small businesses are willing to respond to requests to reduce their usage and less than 30% would require an incentive to do so.