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Anna Collyer  
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Australian Energy Market Commission  
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## **ENERGY CONSUMERS AUSTRALIA SUBMISSION TO THE AUSTRALIAN ENERGY MARKET COMMISSION'S DRAFT REPORT: REVIEW INTO CONSUMER ENERGY RESOURCES TECHNICAL STANDARDS**

Dear Anna

Energy Consumers Australia appreciates the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) Draft Report: Review into Consumer Energy Resources Technical Standards.

As a national representative voice for household and small business energy users, we ensure the consumer lens and experience is central to the framing of policy issues. How technical standards are developed, implemented and enforced may have a direct impact on the performance, functionality and cost of Consumer Energy Resources (CER). This affects not only the broader market and system operation, but how consumers view, relate to and operate these assets, impacting the routines of daily life inside Australian homes and business.

We are concerned to read AEMO's commentary<sup>1</sup> on the low levels of compliance since the mandate of technical standards AS4777.2.2020 came into effect in December 2021. Non-compliance in this instance refers to the incorrect or outdated version of the standard being applied. The impact of this non-compliance from a consumer's perspective, is the risk of more frequent disconnections, zero export limitations, and not being able to get the most value from their investment.

Almost one-third of households now own solar PV.<sup>2</sup> Over time, we have seen solar installations increase, and expect this to continue,<sup>3</sup> with growth being supported by government rebates and consumers who have the ability to take more control over their rising energy costs. As such, ensuring compliance with mandated technical standards, while extremely important now, will only grow in importance. With the current rates of non-compliance, we believe immediate action is necessary and are concerned about the voluntary nature of the recommendations. Immediate and deliberate action will best ensure that the devices are operating how they should be, that consumers are able to use their devices how they want, and can access the most value from their CER investments. This may increase consumer confidence throughout the transition, and also help support the effective operation of the network.

The submission which follows will address:

- ECA's recommendation to progress reform on national technical standards regulation.
- High level response to draft recommendations 1 –12.
- Detailed response to draft recommendation 13.
- Cost of non-compliance.

<sup>1</sup> [Most inverters for rooftop solar and storage wrongly installed, audit finds - One Step Off The Grid](#)

<sup>2</sup> [Solar to soon offer grid more capacity than coal, consultancy says | Solar power | The Guardian](#)

<sup>3</sup> [Australian Photovoltaic Institute • Market Analyses \(apvi.org.au\)](#)

## **ECA's recommendation**

We broadly support proposed recommendations 1-12 outlined in the draft report. However, we would encourage the AEMC to review the recommendations and liaise with the proposed responsible parties to ensure that they can and will be delivered. We note that at least one recommendation (recommendation 4) would not be achievable by the Clean Energy Council (CEC) in its role as Administrator of the New Energy Tech Consumer Code.

We recommend the AEMC address recommendation 13 concurrently, and investigate opportunities to reform national technical regulation, given the rates of non-compliance, the timeframe to implement some of these recommendations and the issue of them being voluntary.

Our view is that all current and future technical standards need to be developed and enforced within an overarching policy framework that can connect consumer outcomes, market and system design and objectives, and the standards setting process. This policy framework (which we have proposed in previous submissions<sup>4</sup>) should be applied by a separate governance body, such as a new national consumer energy resource technical regulator. This approach would guide not only AS4777.2.2020 but all future technical standards that are developed, mandated, implemented and enforced.

## **Response to draft report**

### **Recommendations 1 -12**

We broadly support the AEMC's intent with recommendations 1 -12, but there is a concern whether all recommendations can be implemented in practice, or if underlying barriers may delay or stifle implementation. The AEMC has identified the risk of non-compliance as being greatest during the installation phase and as such, we consider recommendations 4-8 under stage two: *promote compliant installation* should be prioritised for action.

Installer education and training such as recommendation 6 '*Funded training on CER technical standards for installers*' will be critical. Training for installers is a key part of our proposed policy framework and as the AEMC noted in their review, incorrect installations play a big role in non-compliance, largely due to confusion around applying the correct setting. Ensuring devices are set up correctly at the point of installation reduces the need for intervention later down the track, which often puts the onus on consumers to know and understand what non-compliance means for their device, and the added inconvenience that comes with needing to remedy their device if this cannot be done remotely.

It is outlined in the draft report that there are already some trials or projects underway in different jurisdictions that are closely related to some of the proposed recommendations. For example, AEMC notes that '*the relevant agencies in Victoria and Queensland have already rolled out funded training for installers on CER technical standards with some success*', however, with little clarity on what success here looks like. In these instances where work is already underway, we urge the AEMC to document what is working well and what isn't from these use cases and take these lessons into account to assess the merit of the proposed recommendations and any future action.

We acknowledge that while some recommendations have the potential for immediate action, some will take more time to implement. For instance, recommendation 7 '*Guidance on CER technical standards for installers*' will need time to develop materials that are consistent and fit for purpose. There are also questions around who is consulted in developing this material, how to reach consensus on this

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<sup>4</sup> 18. eca - stakeholder submission - emo0045 - 20221122.pdf (aemc.gov.au)

material, and how it is shared, as well as who is responsible for maintenance and assurances these materials remain up to date.

With unclear timeframes on how long each proposed recommendation will take to be implemented, then monitored for effectiveness, waiting until after this fact to begin work on recommendation 13, may only add to both consumer woes and further network impacts.

### **Recommendation 13**

Recommendation 13 proposes that further analysis around the need for reforming national technical regulation, and the most appropriate reform model, should be conducted after recommendations 1- 12 are actioned. Rather than waiting, we believe analysis and discussion should commence immediately. In an article<sup>5</sup> released this month, AEMO described the urgency of the issue of widespread non-compliance, we second this urgency. Given the landscape, it does not feel appropriate to wait another 6-12 months to start thinking about what reform would mean and the logistics of this approach.

While we appreciate the AEMC wanting to take a staged approach, and testing the effectiveness of particular measures, history has shown that good regulation, or even voluntary Codes, take significant time to develop, implement and see change. A good example of this is the National Energy Tech Consumer Code<sup>6</sup>, which, started its journey in 2016 and went live in February 2023 and is only now starting to see traction, particularly in Victoria which has mandated solar installers to be a signatory.

The incentives and motivations for consumers to invest in and install CER at their home or business are expected to grow as we transition, and in fact needs to grow if we are to have a successful and smooth energy transformation. With this in mind, the argument seems clear that there is a need for a coordinated and enforceable approach to compliance. In our previous submission to the AEMC's Review on Technical Standards we outlined an overarching policy framework which is overseen by a separate governance body. We note this, or the notion of a new national consumer energy resource technical regulator, was recognised by other stakeholders in previous submissions, such as the CEC<sup>7</sup>, AEMO<sup>8</sup> and Tesla<sup>9</sup>. This approach could ensure consumers are getting the most value out of their devices, and that these devices continue to support the effective operation of the system and the broader transition to renewable energy resources in the NEM, at a much faster rate than if we wait to take action.

### **The cost of non-compliance**

When a device is installed incorrectly, it impacts how AEMO operates the grid. This has system wide implications that may only get worse as more CER devices are connected and integrated into the network. At a household and small business level consumers may be unaware that their devices are not operating correctly, their export limits or their ability to connect more CER may be impacted, or they may be disconnected more frequently and have to buy energy from the wholesale market, unable to leverage from their own supply.

This may also have wider impacts such as erosion of trust around forms of renewable energy, or confusion and lack of confidence in how the market is operating for consumers long term interests. We are already seeing less than half of households (35%) and small business (43%) are confident that the energy market is working in their long-term interest<sup>10</sup>. These statistics are important when we think

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<sup>5</sup> [Most inverters for rooftop solar and storage wrongly installed, audit finds - One Step Off The Grid](#)

<sup>6</sup> [NETCC | Consumer protection standards for solar, batteries & more \(newenergytech.org.au\)](#)

<sup>7</sup> [2. cec - stakeholder submissions - emo0045 - 20221102.pdf \(aemc.gov.au\)](#)

<sup>8</sup> [14. aemo - stakeholder submission - emo0045 - 20221104.pdf \(aemc.gov.au\)](#)

<sup>9</sup> [12. tesla - stakeholder submission - emo0045 - 20221104.pdf \(aemc.gov.au\)](#)

<sup>10</sup> <https://ecss.energyconsumersaustralia.com.au/sentiment-survey-dec-2022/confidence-household-sentiment-dec-2022/>

about the energy transition, as we are going to rely on CER devices, and rely on consumers' participation in a way that has never been done before. Building that consumer trust and confidence more broadly and ensuring devices are installed correctly and comply with all mandated technical standards so they can operate as intended, is fundamental to our energy future.

Consumers have an expectation that when their device is installed that it is compliant and operating as it should. Non-compliant devices, while frustrating now both for asset owners and from the perspective of NEM operation, will only get more frustrating as the energy system transforms. Enforcement and compliance of AS4777.2.2020 can set a precedence for how future technical standards may be implemented and enforced. It presents the opportunity to enact more timely regulatory action within a complicated landscape, before further detriment can occur, whether that be to consumers, the system or the industry's reputation and trust as a whole.

Thank you for the opportunity to provide our feedback. If you have any questions about our comments in this submission, or require further detail, please contact Taneesha Amos-Hampson at [taneesha.a@energyconsumersaustralia.com.au](mailto:taneesha.a@energyconsumersaustralia.com.au)

Yours sincerely



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