

Ausgrid Response

ESB Governance of DER Technical Standards
Consultation Paper

July 2020





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28 July 2020

Attn: Mr David Swift
Independent Deputy Chair
Energy Security Board
info@esb.org.au

Lodged online

Dear Mr Swift,

Ausgrid is pleased to provide this submission to the Energy Security Board's (ESB's) Governance of Distributed Energy Resources (DER) Technical Standards consultation paper. We welcome recommendations that lead to improved customer outcomes, particularly those that enable transformation of the energy system and a transition to a low carbon future.

A large number of Ausgrid's customers have invested in DER, particularly over the last fifteen years, including rooftop photovoltaic (PV) systems, batteries, generators, air conditioners and pool pumps. Our customers expect the distribution network to be affordable and reliable, as well as one that enables choice and flexibility about how they utilise and derive value from their assets.

We agree with the need to implement clear and consistent governance arrangements for DER technical standards. This will help promote electrical system security, distribution network management and affordability for customers. We endorse an approach that is inclusive and consultative to ensure that the objectives of all relevant stakeholders are considered through transparent, methodical and timely frameworks and processes.

In addition to the comments above, our submission provides views on the questions raised in the ESB's consultation paper. Should the ESB have any questions in relation to this submission, please contact Alex Moran, Manager – Network Innovation & Intelligence on 02 9269 7205 or alex.moran@ausgrid.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Junayd Hollis", written in a cursive style.

Junayd Hollis
General Manager Asset Management

Consultation Paper Questions

1. Do you support the proposal to establish a DER Standards Governance Committee under the National Electricity Rules? If not, what alternative would you suggest?

Yes, Ausgrid supports the proposal to establish a DER Standards Governance Committee under the National Electricity Rules. We agree with the need to implement clear and consistent governance arrangements for DER technical standards to order to support electrical system security, distribution network management and affordability for customers. We endorse an approach that is inclusive and consultative to ensure that the objectives of all relevant stakeholders are considered through transparent, methodical and timely frameworks and processes. We agree that the AEMC is the most suitable market body to undertake the role of convenor of such a committee.

2. Do you support the DER Standards Governance Committee being advisory or be determining? Please provide reasons.

We agree with the ESB that it is important that decisions on DER technical standards are made by experts who understand both the nature of the technology and the importance of DER standards for the safe and secure operation of electricity systems. DER technical standards are likely to have a significant impact on the development of new markets as we continue to integrate DER into the network. Therefore, we support the recommendation that the Governance Committee be determining, thus having a role similar to the Reliability Panel in order to achieve this.

3. Do you have any feedback on the proposed functions of the DER Standards Governance Committee?

We are broadly supportive of the proposed functions of the DER Standards Governance Committee, particularly those of setting a vision for DER technical standards, developing a technical standards work program and monitoring, reviewing and setting DER technical standards.

We suggest that the function of setting a vision for DER technical standards should be broadened to also setting principles and objectives for the standards under its remit. We also consider that the proposed Committee could have a stronger role with regards to compliance

and enforcement to ensure that a cohesive industry-wide approach is implemented. Such an approach may include jurisdictional regulators, industry associations such as the Clean Energy Council and distribution networks. Any compliance obligations placed on distribution networks should consider the need to clearly articulate the expectations required to ensure that the associated costs can be analysed, assessed and justified to ensure that overarching customer value objectives are met.

4. Do you have feedback about the Committee determining standards in a subsidiary instrument under the rules?

Outlining these standards in the rules would be cumbersome, whereas a separate instrument under an agreed governance model provides flexibility and agility for adjustments to be made, particularly for jurisdictional differences. Changes are likely to be more timely than that of the typical rule change process as well.

Therefore, we support the Committee determining standards in a subsidiary instrument under the rules, rather than in the rules themselves so long as the proposed approach to governance is as per what has outlined in the consultation paper. We would not be supportive of an approach where the Committee devolved responsibility to a single market body without appropriate governance in place.

5. Do you have any feedback on the development of new compliance and enforcement arrangements for DER technical standards?

We are supportive of the recognised need to provide a common focus and co-ordination for compliance and enforcement activities. The consultation paper states that *'Established processes already exist for metering and related devices connecting into distribution networks, while DNSPs are implementing new management, control and communications systems which will assist with DER integration'*. This appears to underplay the role that DNSPs may be expected to play in ensuring that DER that form part of distribution networks (either the shared network or DNSP-led SAPS) meet applicable standards. Although DNSPs can insert requirements within connection agreements, any obligations for DNSPs to ensure that devices

meet applicable standards is likely to require additional costs either in the form of monitoring and or audit inspection. These costs will ultimately be borne by customers; therefore, the costs and benefits of additional requirements should be carefully analysed and compared to the relevant risks presented.

6. Do you support the proposed composition of the membership and nature of the chair of the Committee? Please provide reasons or nominate alternative arrangements.

We are supportive of the proposed composition of the membership and nature of the chair of the Committee. We believe it represents a good cross section of industry and the community, although do note that some of the members will be required to represent a very diverse set of interests (e.g. jurisdictional regulators and Original Equipment Manufacturers), which may present challenges in ensuring that all relevant interests are adequately represented. We are also supportive of the suggestion to interact with State electrical equipment certification bodies and relevant international standards committees.

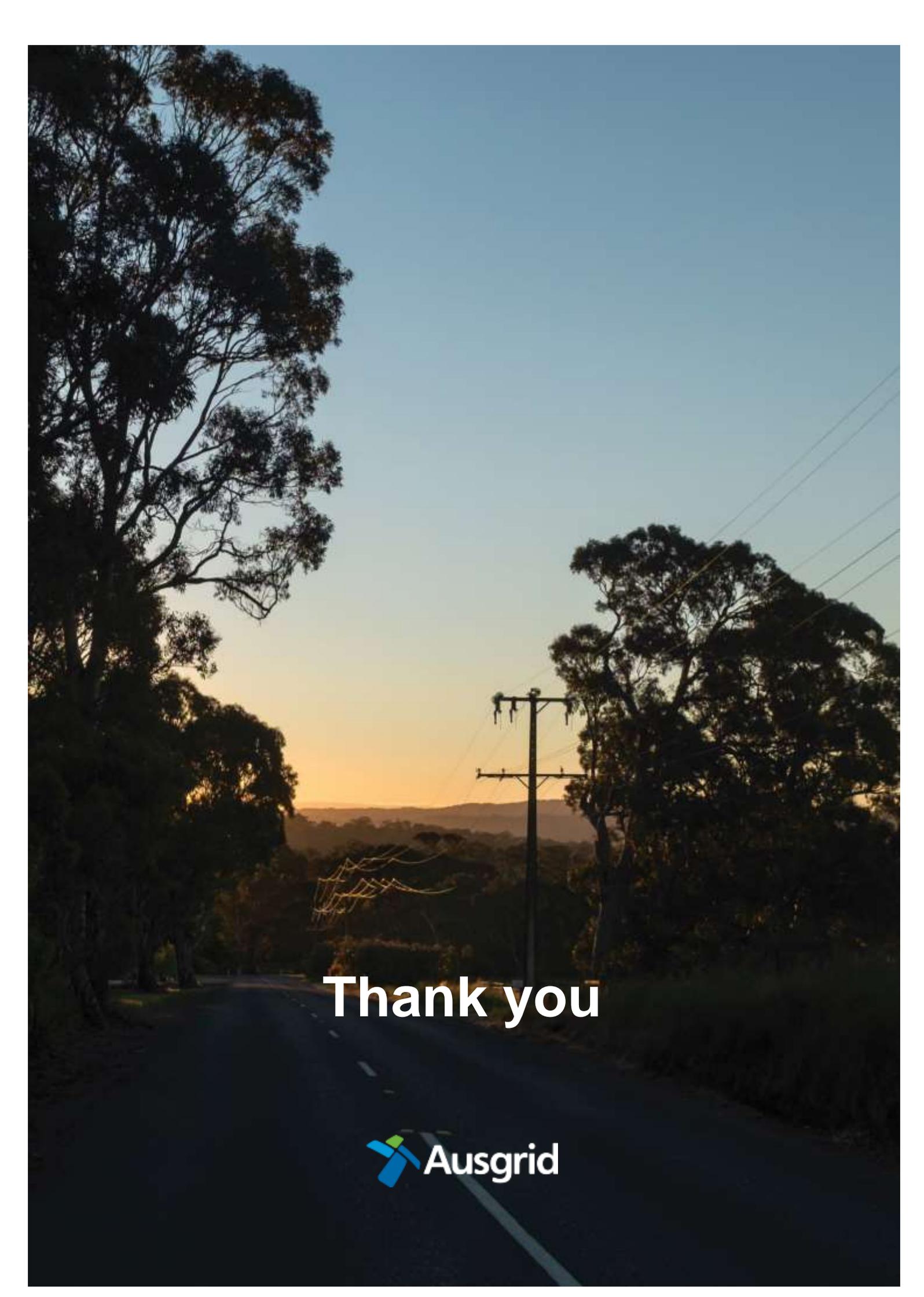
7. Do you support the proposed terms and selection arrangements? Please provide reasons.

We are supportive of using a nomination and merit-based selection process to select members of the Committee. We are supportive of balancing according to geography but suggest that there may other pertinent factors including population density and DER penetration that may result in the ability to ensure that those areas most impacted have a strong voice.

We note that DER technology and related services are fast evolving, which will require this Committee to work in an accelerated fashion in order to make a significant impact in the short-term. Hence, it may be prudent to shorten the committee review period from three years to two years.

8. Do you have any feedback on the other elements of the proposed operation of the Committee?

We believe that some further detail and/or guidance on selection and governance of technical sub-committees would be useful.

A scenic photograph of a road at sunset. The sky is a mix of blue and orange, with the sun low on the horizon. Large trees are silhouetted against the sky, and a utility pole with power lines is visible in the middle ground. The road is dark and leads into the distance.

Thank you

