

28 July 2020

Ms Jenny Gannon  
Project Manager Governance of DER Technical Standard  
Energy Security Board  
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**By email:** [info@esb.org.au](mailto:info@esb.org.au)

Dear Jenny

### **CCIA NSW RESPONSE TO ESB GOVERNANCE OF DER TECHNICAL STANDARDS CONSULTATION PAPER, JULY 2020**

The Caravan, Camping & Touring Industry & Manufactured Housing Industry Association of NSW Ltd (CCIA NSW) is the State's peak industry body representing the interests of holiday parks, residential land lease communities (residential parks, including caravan parks and manufactured home estates), manufacturers, retailers and repairers of recreational vehicles (RVs, including caravans, campervans, motorhomes, camper trailers, tent trailers, fifth wheelers and slide-ons), camping equipment suppliers, manufacturers of relocatable homes and service providers to these businesses.

We currently have as members over 720 businesses representing all aspects of the caravan and camping and land lease living industry. Over 470 of these members are holiday parks and residential land lease communities throughout New South Wales (NSW).

Some of these holiday parks and residential land lease communities have distributed energy resources (DER), such as solar photovoltaic (PV) panels, battery storage, diesel generators, etc, connected to the local Distribution Network Service Provider's (DNSP's) network. These assets can be located on office buildings, communal amenities blocks, camp kitchens, recreation rooms, etc, and there are also developments in the industry incorporating electric vehicle charging stations.

In addition, many of these holiday parks and residential land lease communities have embedded electricity networks serving holiday and/or residential customers, and DER assets can also be located within these embedded networks. Some residential customers living within residential land lease communities, who own their own dwelling but rent a site from the community operator, have or want to install DER on their dwellings.

As the Energy Security Board (ESB) is developing a long-term governance framework for DER technical standards to involve industry participants in maintaining and amending the standards to support the optimisation of DER services for all energy system users, we wish to provide some feedback in the context of DER in our industry.

## Scope of Governance of DER Technical Standards

We would like to seek clarification on the scope of the governance framework for DER technical standards.

We note in the Australian Energy Market Operator's (AEMO's) request to the AEMC for a rule change to oblige it to create a subordinate instrument for DER minimum technical standards, it has proposed to apply the standards to newly connected DER devices (and augmentations, upgrades, replacements, etc) for which the DNSP's have visibility.

AEMO suggests the following definition of DER:

*The types of resources/assets including small and medium scale distributed generation (such as solar PV), energy storage (such as small and medium-scale batteries and electric vehicles that can deliver energy from the vehicle to the power system) and controllable loads (such as air conditioners, electric storage hot water systems, pool pumps, and electric vehicle supply equipment) that connect to the distribution system.<sup>1</sup>*

"Connected DER" would be:

- DER that is newly connected or to be connected within a distribution system, and
- DER within a distribution system that is newly augmented, upgraded, extended or replaced – that is, when a customer (or their representative) contacts the DNSP, or when a requirement on a customer (or their representative) to contact the DNSP is triggered.<sup>2</sup>

To establish compliance, definitions of "DER" and "connected DER" would then need to be included in DNSP's connection agreement terms and conditions.

While these definitions would take account of customers that want to install or replace DER within their premises that connect to the local DNSP's distribution system, in our submission to the *AEMC Technical Standards for Distributed Energy Resources Consultation Paper, 25 June 2020* (AEMC Consultation Paper) we have asked for clarification on DER installed within embedded networks. We are not clear on how these assets are being taken into account by the market bodies.

Under the National Electricity Rules (NER) an embedded network is considered "*a distribution system, connected at a parent connection point to either a distribution system or transmission system that forms part of the national grid, and which is owned, controlled or operated by a person who is not a Network Service Provider.*"<sup>3</sup>

Similar to the AEMC Consultation Paper, the *ESB Governance of DER Technical Standards Consultation Paper, July 2020* (ESB Consultation Paper) does not make any specific mention of DER in embedded networks, but there are references to 'non-NEM connected networks.'

We therefore ask the ESB the same question asked of the AEMC – is consideration being given to whether these assets should also be subject to minimum DER capabilities?

If yes, what obligations will be placed on exempt embedded network service providers? How would they be responsible for compliance? How would this be overseen? What authority will

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<sup>1</sup> AEMC, *Technical Standards for Distributed Energy Resources, Consultation Paper, 25 June 2020*, p 14.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Chapter 10, Glossary, National Electricity Rules, Version 145*, p 1278.

exempt embedded network service providers have to refuse connections of non-compliant DER? What if connection agreements form part of tenancy arrangements governed by state legislation?

As DER can provide additional benefits in embedded networks, we are seeking clarification on whether the governance framework for DER technical standards will extend to these assets. If yes, our responses to the questions for stakeholders are below.

**Question 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?**

We agree that there is a need to create a new governance coordinating structure to provide clear leadership and to allow for improved, national coordination of DER technical standards.

The proposal set out in the ESB Consultation Paper to create a DER Standards Governance Committee (“Committee”), convened under the AEMC within the National Electricity Law (NEL) and established under specific rules in the NER to prescribe its appointment, operation, functions and powers, appears to be a suitable and consistent approach.

In addition, consideration of whether a larger scale overhaul of the governance of DER technical standards is needed in the future should be kept on the agenda.

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

We agree that the AEMC is best placed to be the over-arching rule maker in the NEM to convene the Committee, and as there will be broad objectives and wide-ranging impacts to consider, we believe the AEMC should have statutory responsibility for making decisions on DER technical standards as advised by the Committee, at least in the initial stages of developing the governance framework.

As noted in the ESB Consultation Paper, it is important that a broad range of stakeholders have confidence that the governance arrangements take full account of stakeholders’ views. Our experience is that the AEMC’s rule change and stakeholder engagement process is, on the whole, thorough and effective.

The Committee could still obtain technical expertise as needed and we don’t think the Committee’s ability to address issues in a timely manner would be hampered by this approach. The timeframe for a standard rule change process is approximately 6 months and the AEMC can expedite the rule making process if the request is for a non-controversial or urgent rule.<sup>4</sup> A similar process could be established for updates to a subsidiary instrument.

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

Subject to our response to Question 2, we support the proposed functions of the Committee in terms of establishing a strategic vision for DER technical standards development, prioritisation and work program development.

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

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<sup>4</sup> AEMC, *Changing the energy rules – a unique process*, <https://www.aemc.gov.au/our-work/changing-energy-rules>

In line with our response to Question 2, we submit that the standards be located in a subsidiary instrument under the rules and updated by the AEMC on the advice of the Committee. An interim guidelines phase to trial new standards and prevent lock-in of existing approaches as technologies develop would also be beneficial.

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

If it is intended that the governance framework for DER technical standards will extend to DER assets within embedded networks, then the development of new compliance and enforcement arrangements will need to take proper account of how these private networks operate. In coordinating the various processes, compliance instruments and identifying and addressing any gaps, the Committee will also need to consider any regulatory controls that apply to the business model of the exempt embedded network service provider.

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

The proposal that the Committee be chaired by an independent DER expert with significant knowledge of and/or experience in developing and implementing DER standards and consumer outcomes, appears suitable.

In relation to the proposed composition of the membership of the Committee, please refer to our response to Question 7 below.

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

The proposal for co-chairs to be elected by the Committee to be responsible for specific tasks and to fill in for the Chair when necessary is considered appropriate, as is the proposal for the chair, co-chairs and members to be appointed for a three year term (up to a maximum two full terms in that capacity).

In relation to membership, if it is intended that the governance framework for DER technical standards will extend to DER assets within embedded networks then there should also be a representative from this sector, unless there would be adequate representation by the proposed “representative from non-NEM jurisdiction with DER expertise.”

Selection through nomination and merit, based on expertise in DER technical standards, is appropriate and we support the proposal that the Committee be reviewed after three years of operation by an independent reviewer appointed by the COAG Energy Council.

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

We note a process will be established for stakeholders to propose new standards or changes to existing standards. Clear instructions for stakeholders on information to be provided, criteria to be addressed and supporting guidelines (similar to the AEMC’s rule change request process) would be beneficial.

Thank you for taking into consideration the issues we have raised.

Should you have any questions for require further information please contact Shannon Latic, Policy, Training and Executive Services Manager on (02) 9615 9940 or email [shannon.latic@cciansw.com.au](mailto:shannon.latic@cciansw.com.au).

Yours sincerely

Lyndel Gray  
**Chief Executive Officer**