

28 July 2020

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Dear Energy Security Board Members

Governance of DER technical standards - Consultation Paper – June 2020

EnergyAustralia is one of Australia's largest energy companies with around 2.5 million electricity and gas accounts across eastern Australia. We also own, operate and contract an energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 4,500MW of generation capacity.

We consider there is a need for an overarching body to coordinate standards development. While the ESB's proposal does not deal with the directives or guiding principles of the Governance Committee, we are ultimately interested in ensuring the judicious development of standards in line with promoting market development and minimising compliance costs. We recommend that the ESB consider whether there is a need to reflect these and other guiding principles outlined in its vision (section 4.1 of the consultation paper) into the NER amendments that give effect to the Committee. To the extent the Committee is only intended to deal with technical matters and coordination, and would not consider broader economic or policy aspects, it may be appropriate for it to take more of an advisory role.

The ESB's paper also presumes there is a clear understanding of 'distributed energy resources' and so which technologies and standards would be subject to this governance arrangement. It may be useful to explore this further and note this has been raised in the AEMC's consultation on AEMO's recent rule change proposal.

Our responses to some of the ESB's specific questions are as follows.

Q1. 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 there is sufficient justification for the establishment of such a body. We also agree that the AEMC is the logical convener for the proposed Committee, with parallels to the existing Reliability Panel.

Q2. Do you have any feedback on the proposed functions of the DER Standards Governance Committee?

The general functions listed in the ESB's consultation paper appear appropriate. Within these, we expect the Committee to have regard to the role standards play as part of broader DER integration issues. This includes guiding principles around enabling market development and not imposing unnecessary compliance costs on technology providers. Functions relating to the initiation of "related reviews" of standards would need to be designed to accommodate existing powers of the AEMC and other regulatory or market bodies to conduct reviews relating to DER.

Q3. Do you support the DER Standards Governance Committee being advisory or be determining? Please provide reasons.

We consider that the Committee should have a determinative function, provided it is tasked with having full regard to economic and policy considerations and is not limited to technical matters. Where it does not have such capacity, it should take a more advisory role. The Committee would obviously be limited to providing advice on matters where it does not have jurisdiction e.g. to bodies involved in compliance and enforcement.

Q4. Do you have any feedback about the Committee determining standards in a subsidiary instrument under the rules?

Our preference is for standards determined by the Committee to be contained in a subordinate instrument. Processes for rule changes under the NER would likely be too cumbersome. That said, where this process can be streamlined, requirements set out in the NER may be more transparent and therefore understood by stakeholders.

Q5. Do you have any feedback on the development of new compliance and enforcement arrangements for DER technical standards?

We support the Committee coordinating with existing compliance and enforcement bodies rather than having its own enforcement powers. Further thought should be given to arrangements that apply to any standards created by the Committee via subsidiary instruments under the NER.

Q6. Do you support the proposed composition of the membership and nature of chair of the Committee? Please provide reasons or nominate alternative arrangements.

Members of the Committee should reflect the breadth of affected stakeholders. To this end the ESB's proposal seems reasonable. Further thought might be given to including a retailer representative and the nature of "jurisdictional regulators", for example, whether these are safety or economic regulators (or both). The composition of the Committee should otherwise be determined in line with its functions. As noted above it is not yet clear whether the membership would need to be focused on purely technical matters or have regard to broader economic or market considerations.

If you would like to discuss this submission, please contact me on 03 8628 1655 or Lawrence.irlam@energyaustralia.com.au.

Regards

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