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Dr Kerry Schott AO  
Independent Chair  
Energy Security Board

Submitted electronically via [info@esb.org.au](mailto:info@esb.org.au)

### **Consultation Paper – Governance of DER Technical Standards**

Essential Energy welcomes the opportunity to provide a submission to the Energy Security Board (ESB) on its *Governance of DER Technical Standards* consultation paper (the consultation paper). Given the rapid pace of DER deployment across Australia, Essential Energy agrees and supports the development of consistent DER technical standards to support electrical system security and distribution network management going forward.

As the consultation paper outlines, DER technical standards impact security, reliability and affordability outcomes for consumers on both the shared network and those connected to stand-alone power systems. The earlier fit for purpose connection standards and operational practises can be integrated across Australia, the more optimal the benefits DER investments can be applied to all energy system users.

To that end, Essential Energy supports the establishment of the DER Standards Governance Committee (the Committee) being implemented in a determining body capacity. Broadly speaking, the proposed functions, membership, chair, and merits-based selection processes of the Committee appear appropriate.

Regarding compliance and enforcement, obligations have been increasingly directed at DNSP's through connection agreements and audit, however the scale and cost of undertaking this work on a geographic sparsely populated network like Essential Energy's requires further consideration as does performance target incentive arrangements and standards set at the DER manufacturing level.

These points and our response to the specific questions raised in the consultation paper are attached to this letter. If you have any questions in relation to this submission, please contact Mr Anders Sangkuhl, Regulatory Strategy Manager via [anders.sangkuhl@essentialenergy.com.au](mailto:anders.sangkuhl@essentialenergy.com.au) or via phone 0409 968 326.

Yours sincerely,

A handwritten signature in black ink that reads "Chantelle Bramley". The signature is written in a cursive, flowing style.

Chantelle Bramley  
**General Manager, Strategy, Regulation and Corporate Affairs**

## Responses to questions posed in the ESB consultation paper

### QUESTION 1: Do you support the proposal to establish a DER Standards Governance Committee under the National Electricity Rules?

Yes. As the consultation paper outlines, the rapid pace of DER deployment across Australia necessitates the creation and implementation of fit for purpose technical standards overseen by a representative expert governing committee.

### QUESTION 2: Do you support the DER Standards Governance Committee being advisory or be determining?

Essential Energy supports the proposal for the Committee being established as a determining body. This is important to ensure issues are clearly accountable to the Committee and resolved in a timely manner. This support is based on the Committee being appropriately structured so that decision making is transparent and consultative in nature.

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

No, the proposed functions appear appropriate.

### QUESTION 4: Do you have any feedback about the Committee determining standards in a subsidiary instrument under the rules?

Essential Energy supports the determining standards being implemented through a subsidiary instrument.

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

As outlined in the consultation paper, there are currently several differing compliance and enforcement mechanisms for DER technical standards including Distribution Network Service Providers (DNSPs) audits, consumer codes, manufacturing standards and Legislative measures. One of the most cost-effective methods of compliance is when set through standards at the DER manufacturer level and validated by authorised installers prior to installation.

However, in recent times, the responsibility for ensuring compliance has been increasingly directed at DNSPs through connection agreements and audit. Nonetheless, the scale and cost of undertaking this work on a geographically sparsely populated network like Essential Energy's requires detailed consideration. Essential Energy's preference is for a multi staged approach involving metering co-ordinators, retailers, DNSP and jurisdictional regulatory bodies.

Regarding remedies for non-compliance, Essential Energy suggests performance target incentive arrangements are considered preferable to other remedies. Consideration of how compliance is funded and under what revenue streams also requires further assessment by the Committee at a later date.

### QUESTION 6: Do you support the proposed composition of the membership and nature of chair of the Committee?

The composition of the Committee's membership and independent nature of the chair appears appropriate.

### QUESTION 7: Do you support the proposed terms and selection arrangements?

The merit-based selection of Committee members on their DER technical standard expertise and geographic location appears appropriate.

The transparent nomination and merit-based process proposed for appointing registered participants also appears suitable. An Energy Networks Australia appointed representative could also be considered.

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

Given the rapid deployment of DER currently underway throughout Australia, the proposed review period of three years may be too long to appropriately monitor performance. Essential Energy suggests an initial two-year review may be more suitable to assess initial performance.