

28 July 2020

Energy Security Board

Submitted to: info@esb.org.au

Simply Energy Response to ESB Governance of DER Technical Standards Consultation Paper

Simply Energy welcomes the opportunity to provide feedback on the 'Energy Security Board Governance of DER Technical Standards Consultation Paper' (the paper).

Simply Energy is a leading energy retailer with over 725,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

Additionally, Simply Energy is a leading energy retailer with respect to Distributed Energy Resources (DER), with a successful ARENA-supported Virtual Power Plant (VPP) program in South Australia and a pipeline of projects built on this success.

Please see below for Simply Energy's responses to the questions for stakeholders set out in the paper:

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?

Simply Energy considers that the long-term interests of Australians are best served by a national body that sets standards for DER that apply everywhere, supporting a genuinely national DER industry. However, Simply Energy accepts that this is unrealistic given the current state of energy industry governance, and the proposal to establish the DER Standards Governance Committee under the National Electricity Rules (NER) gives the widest realistic scope at this time.

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

The Committee should be focused on the practical business of overseeing the establishment of effective national standards and championing the use of those standards in all states and territories, and by all networks. The Committee's terms of reference should be set to avoid potential scope creep, such as the committee becoming yet another body trying to drive strategic change in the energy industry or undertake compliance and enforcement-related activities in the energy industry.

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

Simply Energy considers that a properly constituted committee that responds effectively to stakeholders can be determining. This should be a more effective model than an advisory committee, with fewer process steps before a decision is made and the committee's processes should be taken more seriously by stakeholders, improving the quality of engagement.

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

It makes sense for a committee that is constituted under the NER to determine standards in a subsidiary instrument under the NER. Additionally, having the standards in a subsidiary instrument rather than as part of the NER facilitates more timely updating, which is important for a rapidly evolving technology like DER.

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

The energy industry in Australia is already subject to a plethora of different compliance and enforcement regimes, from the wholesale market to state energy efficiency schemes, and Simply Energy is not aware that the net benefits have been demonstrated to support another compliance and enforcement regime, this time for DER. Simply Energy considers that any DER compliance and enforcement should be accommodated in existing regimes.

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

Simply Energy supports an independent chair with DER expertise, as this expertise will enable the chair to play a leadership role. 5 out of the 11 proposed members represent regulators or government (AEMC, AEMO, AER, non-NEM jurisdiction, jurisdictional regulator), which Simply Energy considers over-represents these bodies, with the risk that their interests dominate those of industry or consumers. Simply Energy recommends that only 3 members represent these bodies, rather than expand to the committee to add further industry or consumer representatives.

*Q7. Do you support the proposed terms and selection arrangements?
Please provide reasons.*

A maximum of two three-year terms is appropriate for the chair. Two-year terms are more appropriate for members that are selected as representatives of industry stakeholders, giving more opportunity for different industry experts to guide this work.

Q8. Do you have any feedback on the other elements of the proposed operation of the Committee?

No further comments.

Concluding remarks

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Aakash Sembey, Manager, Retail Regulation, at aakash.sembey@simplyenergy.com.au

Yours sincerely

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