



Government
of South Australia

Department for
Energy and Mining

Our Ref: D20026675

Dr Kerry Schott AO
Chair
Energy Security Board
Via email: info@esb.org.au
Via email: kerry.schott@esb.org.au

Dear Dr Schott

RE: ESB CONSULTATION PAPER: GOVERNANCE OF DER TECHNICAL STANDARDS

The Energy and Technical Regulation division of the Department for Energy and Mining (DEM) thank you for the opportunity to make a submission to the Energy Security Board's (ESB's) *Governance of DER Technical Standards* consultation paper, that was published on 16 July 2020.

To the Australian Energy Market Operator's (AEMO's) knowledge, South Australia is the first gigawatt scale power system in the world to approach operation with such high proportions of demand met by distributed energy resources (DER), such as solar generation on homes and businesses.

Solar installations are growing rapidly, with more than 200 MW per year being installed in South Australia at present. If growth continues at this rate, AEMO forecast minimum net demand could reach zero in South Australia within the next one to three years. Whilst South Australia is committed to transitioning to net-100 per cent renewable energy, it is recognised that the right mix of interconnection, storage, generation and smart technology to balance supply and demand is required. DER therefore, will continue to play a crucial role in this transition, as technology continues to change and provides additional services to South Australian customers.

Therefore, South Australia supports the work being considered by AEMO, the ESB and the Australian Energy Market Commission (AEMC) on the ways in which DER can be integrated within the market, whilst ensuring that new and emerging DER have a minimum capability to



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of South Australia

Department for
Energy and Mining

operate autonomously in a manner that is responsive to network and bulk power system needs.

The division has considered the ESB's consultation paper on the long-term governance arrangements of DER technical standards. The division also notes the Sapere and CutlerMerz Review ('Review') that was undertaken to support the ESB's consideration of longer-term governance arrangements.

The ESB's consultation paper indicates that the proposed arrangements for the governance of DER technical standards will create structure and processes that supports the planning for, visioning of, development, enforcement and compliance of DER technical standards. The breadth of the ESB proposal appears, however, to be limited to the creation of the proposed *DER Standards Governance Committee* ('Committee').

The division is concerned that governance matters are being left for consideration of the proposed Committee rather than a full set of recommendations being put forward under this work. The preference would be for the governance recommendations to deal with who sets the standards, who the standards should apply to, who is responsible for compliance and enforcement.

Governance matters which the division is seeking recommendations on through this process include:

- The proposed decision making body for DER technical standards
- The interaction of DER technical standards under the National Electricity Rules with existing governance arrangements
- The appropriate parties to which DER technical standards should apply to and accordingly, the appropriate location for DER technical standards
- The appropriate compliance and enforcement regime

The division encourages the ESB to consider whether the efficient response to these matters is the same for all types of DER. The governance framework may need to account for differences in the role of distribution network service providers (DNSPs) in the connection of the DER.

The consultation paper rightly acknowledges the broad range of governance arrangements for DER technical standards currently. It is unclear how the Committee proposal interacts with these governance arrangements and whether it could lead to conflicting and inconsistent standards on stakeholders. The Division is seeking clear recommendations in relation to this matter.

The division thanks the ESB for the work done to date and looks forward to their further consideration of the important governance matters raised in this submission.





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Thank you again for accepting our submission. Should you wish to discuss this further, please contact Ms Rebecca Knights, Director, Energy and Technical Regulation Division, on (08) 8226 5500.

Yours sincerely

A handwritten signature in dark ink, appearing to read "Vince Duffy".

Vince Duffy

EXECUTIVE DIRECTOR, ENERGY AND TECHNICAL REGULATION DIVISION

31/7/20



