

31 July 2020



Dr Kerry Schott AO
Independent Chair
Energy Security Board
COAG Energy Council Secretariat
John Gorton Building
King Edward Terrace
PARKES ACT 2600

Dear Dr Schott

Energy Security Board's Governance of Distributed Energy Resources Technical Standards Consultation Paper

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Energy Security Board (ESB) in response to their consultation on the Governance of Distributed Energy Resources (DER) Technical Standards (Consultation Paper).

This submission is provided by Energy Queensland, on behalf of its related entities, including:

- Distribution network service providers (DNSPs), Energex Limited and Ergon Energy Corporation Limited;
- The regional service delivery retailer, Ergon Energy Queensland Pty Ltd; and
- Affiliated contestable business, Yurika Pty Ltd including its subsidiary, Metering Dynamics Pty Ltd.

Energy Queensland welcomes this review by the ESB into the governance of DER technical standards. However, we believe that insufficient time has been given to adequately consider all the issues raised by the ESB and suggest that these are much broader than anticipated and indicated in the Consultation Paper. In addition, there is also a lack of clarity surrounding the scope of this consultation and the concurrent Australian Energy Market Commission (AEMC) and Australian Energy Market Commission (AEMO) consultations and what, if any, transition will occur between them. As such, Energy Queensland would welcome the opportunity to engage further with the ESB, AEMC and/or the AEMO on the development of such a significant matter.

While, Energy Queensland agrees there is a need for common national DER technical standards to apply in order to optimise the benefits of DER for all energy users, it is important that the ESB strikes the right balance between system issues and jurisdictional obligations, safety requirements and network performance. For example,

Ergon Energy and Energex worked with Energy Networks Australia (ENA) in the creation of the National Connection Guidelines which was a project led by the ENA that looked to harmonise a set of guidelines for the safe, consistent and efficient connection of DER to the grid. As part of this, it was critical that DNSPs could deviate from the National Connection Guidelines to allow for jurisdictional or network performance differences. We suggest the governance arrangements for DER technical standards should follow a similar approach.

To the extent that a governance committee is required to ensure national consistency and coordination of DER technical standards, Energy Queensland supports Option 3 of the Sapere/Cutler Mertz study and agrees that the AEMC is appropriate as convener of the governance committee. The objective of the committee 'to optimise DER benefits for all electricity system users' fits within the AEMC's remit and their purpose and agree this role should provide funding and secretariat support for the committee. This new body should be established similarly to the Reliability Panel and be comprised of members who represent a range of participants in the national electricity market (NEM). The body should have a hybrid function with a determining role limited to matters affecting system security of the NEM and an advisory role to develop best practice guidelines for network performance which allows for jurisdictional differences.

Energy Queensland notes the Consultation Paper also suggests this option provides a pathway to Option 4, which proposes the centralisation of DER technical standards decision-making to a new body. Furthermore, it was suggested in the workshop presented by the ESB on 21 July 2020 that Option 4 has not been ruled out and it is possible that this option could be implemented after the first review of the proposed new framework (i.e. after 3 years of operation). Energy Queensland does not support Option 4 and a transfer of this accountability, noting that this is essentially the current proposal from the AEMO rule change request. Energy Queensland believes this model would create a conflict of obligations between AEMO, transmission network service providers and DNSPs and has unknown cost implication for networks and industry, including retailers and consumers.

While Energy Queensland support a dedicated national standards body for DER, the body should be cognisant of the potential gaps in existing energy legislative frameworks. For example, the National Electricity Rules (NER) only binds certain parties and there is a lack of future strategic requirements and work plans to address these gaps. We note that gaps currently exist in the regulation and standards for inverter capacities above 200kW and below 5MW. This is a rapidly increasing market that poses a larger risk to system security than small-scale household generation systems. Chapter 5A of the NER governs connections from 1kW to 4.99MW systems, and there is scope for more cost-effective targeting of reforms within that range.

Furthermore, we also suggest that in considering technical standards, the ESB considers the broader legislative framework than that covered by the NER and National Electricity Retail Rules. While the obligations for DNSPs to manage the technical requirements for DER connections on their networks is prescribed in the NER, protections for consumers and compliance by manufacturers is governed by *Australian Consumer Law*. Therefore, consideration should be given to the interface and interrelationships with other consumer laws, safety legislation and jurisdictional requirements as it relates to the enforcement and compliance with DER technical standards. As such, the ESB should consider the entire value chain from manufacturers of inverters, installers, retailers, networks, aggregators and consumers.

Finally, we note that Stand-Alone Power Systems (SAPS) were mentioned multiple times in the Consultation Paper. If SAPS standards are to be included in the national framework it should be consistent with the recent AEMC SAPS framework which placed the responsibility for SAPS standards with jurisdictions. Given the early stages of the SAPS market and rule changes, we suggest that DER technical standards should initially focus on the high priority NEM connected DER technical standards and provide flexibility for jurisdictions to manage the DER technical standards for SAPS.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact me or Barbara Neil on 0429 782 860.

Yours sincerely



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