

5 August 2020

Dr Kerry Schott AO  
Chair  
Energy Security Board  
Level 15, 60 Castlereagh St  
Sydney NSW 2000

## **GOVERNANCE OF DISTRIBUTED ENERGY RESOURCES (DER) TECHNICAL STANDARDS**

Dear Kerry

We appreciate the opportunity to comment on the Energy Security Board's (ESB) *Governance of DER Technical Standards Consultation Paper* (the ESB Paper). We would also like to acknowledge the briefings that were made to consumer forums on the related workstreams by Australian Energy Market Operator (AEMO) and Australian Energy Market Commission (AEMC) staff on 7 July 2020, and by ESB staff on 22 July 2020.

Energy Consumers Australia is the national voice for residential and small business energy consumers. Established by the then Council of Australian Governments Energy Council in 2015, our objective is to promote the long-term interests of energy consumers with respect to price, quality, reliability, safety and security of supply.

We support the proposed new coordinating governance arrangements that will be in the form of a Distributed Energy Resources (DER) Standards Governance Committee under the National Electricity Rules (NER), convened by the AEMC. The transition of the energy system that is underway will require fit-for-purpose technical standards, and the DER Standards Governance Committee is likely to be better placed to determine the required technical standards that align with policy reforms in a timely way.

While we recognise that there is a boundary between the National Electricity Market and other jurisdictions, it is critical that the focus of the DER Standards Governance Committee is national. It is hard to see how there could be any basis for differences in technical standards, within Australia.

The ESB Paper suggests that there may be a need to develop Australian standards, because we are at the frontier of uptake of rooftop solar systems and home energy storage and there is an absence of international standards. In our view, this assumption needs to be tested by the DER Standards Governance Committee. To our knowledge, there are standards in other jurisdictions that may be readily applied in Australia, particularly in relation to demand response, and that are already used widely (including those developed by the Institute of Electrical and Electronics Engineers (IEEE)).

It is also the case that the existing Australian standards, which apply for demand response, are unlikely to be optimal from the perspective of supporting market developments which could see greater participation of residential and small business consumers in being flexible in their energy use, or the timing of their generation. For this reason, the DER Standards Governance Committee should review all current standards against the needs of the future energy system.

The ESB Paper identifies 5 responsibilities for the DER Standards Governance Committee, noting that technical standards would be designed "to support electrical system security, distribution network management and affordability for consumers, including through the sale of DER services." Given the current challenges in managing system security, with relative high levels of rooftop solar PV systems that are neither visible or controlled, it is not surprising that this is given emphasis in the ESB Paper.



However, as the ESB Paper identifies, there is a vast potential for the more than 11 million residential and small business consumers (across the NEM and in other jurisdictions) to change their behaviour, in relation to the use of their appliances and their generation and home energy storage assets, to benefit themselves and the energy system overall. (This is referenced in the ESB Paper as the “sale of DER services”.) For this reason, technical standards should not be designed to take control of their assets away from consumers, but rather to provide consumers with the control, the conditions (including privacy) and the capability to manage their use and generation.<sup>1</sup> In other words, what may be appropriate to deal with exceptional and emergency circumstances, should not stand in the way of consumer-centric technical standards that will support the development of a market in DER services.

The ESB Paper proposes the membership of the DER Standards Governance Committee, including an independent DER expert as Chair. We suggest that the CEO of Energy Consumers Australia, or their delegate, be included as a member of the DER Standards Governance Committee. This would be in addition to a representative of consumers, who could be appointed as the Deputy Chair in recognition of the central role of consumers whose assets make up what are classified within the energy system as DER. There appears to be an unintended omission of energy companies from the membership, and of metering providers, given that the proposed membership includes electricity network businesses and aggregators. We suggest that all intermediaries – including energy companies and metering providers – should be included in the membership of the DER Standards Governance Committee.

Once again, thank you for the opportunity to provide our feedback on the ESB Paper. If you have any questions about our comments in this submission, or require further detail, please contact Jacqueline Crawshaw, Acting Director, by phone on 02 9220 5520 or by email at [jacqueline.crawshaw@energyconsumersaustralia.com.au](mailto:jacqueline.crawshaw@energyconsumersaustralia.com.au).

Yours sincerely,

Lynne Gallagher  
**Chief Executive Officer (Interim)**  
Energy Consumers Australia

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<sup>1</sup> Energy Consumers Australia’s research and international research including by Consumers International (<https://www.consumersinternational.org/media/261950/thetrustopportunity-jointresearch.pdf>), are investigating consumer attitudes that are relevant to the development of a DER services market.