

28 July 2020

David Swift
Independent Deputy Chair
Energy Security Board

Lodged electronically

Dear Mr Swift,



Submission to Governance of DER Standards consultation paper

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the ESB's consultation paper.

DER standards governance

PIAC agrees that the current frameworks for Distributed Energy Resources (DER) in Australia have not kept up with the pace of uptake of DER in the National Electricity Market (NEM) or the potential role DER can play in transitioning to a more affordable, low-emissions electricity sector.

Ideally, we would expect minimum technical standards that are responsive to the changing needs and opportunities from DER to be defined by industry standards frameworks.

In their absence, however, we see value in developing a new coordinating structure and processes to help prioritise and coordinate technical standards for how DER systems interact with the broader system as a whole.

Location of DER technical standards

As noted in our submission to the Technical Standards for Distributed Energy Resources rule change:

PIAC supports the proposed approach of stating the purpose of minimum standards, the factors AEMO must consider, and any relevant definitions in the Rules. More prescription and technical detail are better provided in subordinate documents. This would allow the standards to be reviewed and updated more frequently to ensure they remain fit for purpose as technologies and understanding of the potential role of DER continue to evolve.¹

The structure of the governance committee

It is essential that any DER standards governance committee has skilled and experienced consumer representation both on the committee itself and in any consultation processes it

¹ PIAC, *Submission to Technical Standards for Distributed Energy Resources rule change*, July 2020.

conducts. PIAC considers that a single consumer representative on the committee is insufficient to reflect the wide range of consumers and their interests.

One way to address this is to appoint one consumer representative for large consumers and one for small consumers, similar to the AEMC's Reliability Panel. Another is to have one consumer representative with technical expertise and one with a representative role for those experiencing disadvantage (noting that disadvantage in the context of DER is broader than just socio-economic factors, and could include aspects such as housing status as renters or those in social or community housing can struggle to benefit from DER). These approaches are not mutually exclusive and PIAC recommends the ESB consider both.

PIAC supports the appointment of an independent chair for the committee to maintain impartiality while driving the strategic agenda and helping deliver consensus. We are of the view they do not need to be a DER expert. The skills required to be an effective chair and a DER expert, while both very important, are also very different. PIAC recommends these skills be found in two separate members of the committee.

It is not clear what necessary expertise or representation the AER would bring to the committee that other members could not provide. While the outcomes of DER technical standards will indirectly effect economic regulation and network revenue proposals, these are second- and third-order impacts relative to the decisions and agreements made by the committee. In PIAC's view it is not necessary to have an AER representative on the committee.

PIAC recommends the committee membership be amended to allow an AEMC Commissioner to nominate a delegate. This would make it consistent with the other market bodies and help ensure all committee members are appropriately skilled and resourced.

Continued engagement

PIAC would welcome the opportunity to meet with the ESB and other stakeholders to discuss these issues in more depth.

Yours sincerely,

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