

20 August 2025

Consumer Energy Resources Taskforce  
Department of Climate Change, Energy, the Environment and Water  
GPO Box 3090  
Canberra ACT 2601  
By email: [certaskforceg@dcceew.gov.au](mailto:certaskforceg@dcceew.gov.au)

Dear Consumer Energy Resources Taskforce,

### **Redefining roles and responsibilities for power system and market operations in a high CER future**

The Justice and Equity Centre (JEC) welcomes the opportunity to respond to the Department of Climate Change, Energy, the Environment and Water's (DCCEEW) consultation paper on Redefining roles and responsibilities for power system and market operations in a high CER future (the consultation paper).

The JEC supports the aim of proactively accounting for consumer energy resources (CER) in our planning and operating frameworks and optimising the operation of CER for the benefit of all consumers.

### **A limited operational role for a distribution system operator**

While there may be a limited role for a distribution system operator (DSO), we question the need for this role to be defined separately. In any case, this role should be limited to managing events at the extremes. Critically, participation in markets should be left to retailers and aggregators.

In Figure 5 of the consultation paper (below) CER is divided into a self-organised majority of dispatch that is far from either minimum system load or maximum system load, and a periphery of CER that is close to these extremes of minimum or maximum system load. The implication is that there is a need for dispatch occurring close to these operational limits to be organised by a DSO.

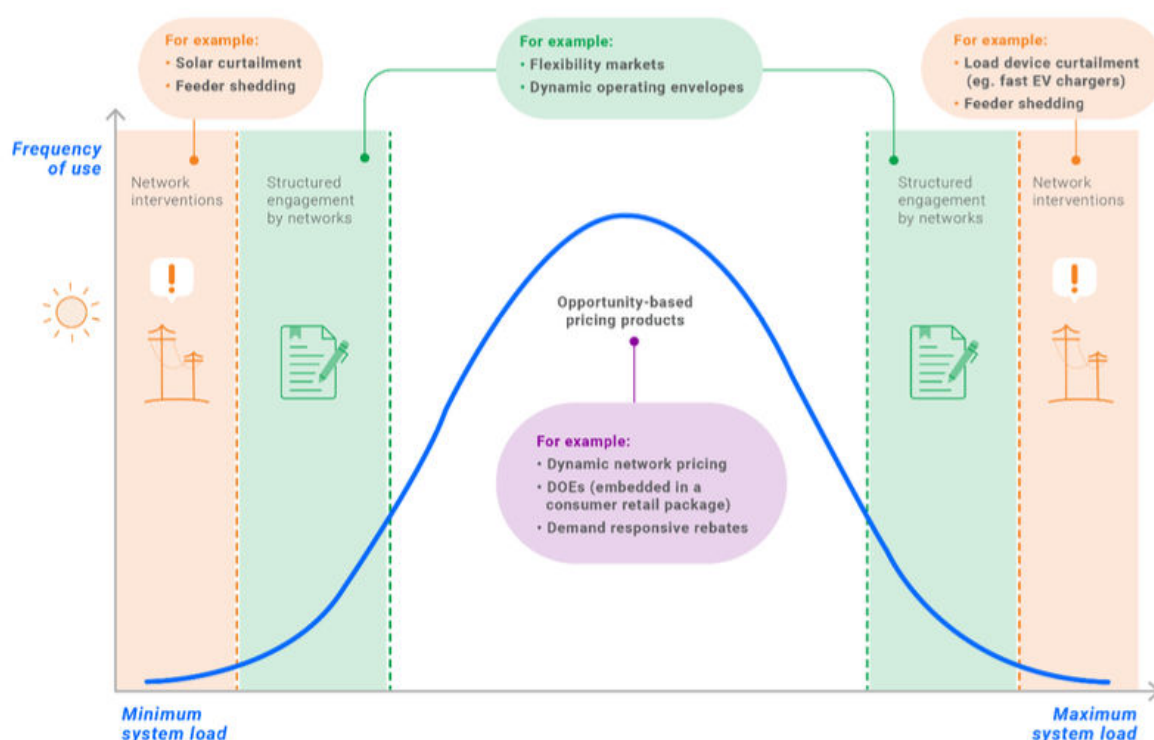
We contend that the role of distribution network service providers (DNSP) or DSOs is to:

- Provide incentives to aggregators and retailers to support network conditions remaining within and between the green bands depicted in figure 5.
- Only have control over operations of CER when the system is in the extreme minimum or maximum load states (or the system security and thermal conditions those states represent).

Accordingly, the relevant organisational task is to ensure that *all* CER is optimised with a view to overall system value. Incentive structures that move the market away from minimum and maximum load extremes is a subset of this larger task.

There is a limited role for a DSO (or DNSP) in producing these incentives to optimise CER use from a system perspective. However, the operation of CER should mainly be the domain of aggregators and retailers.

The appropriate control role for the DSO (or DNSP) should then be limited to maximum and minimum system load events.



**Figure 5: Actions to incentivise and control CER to maintain network integrity**

## **DNSPs are not well-placed to act as distribution system operators**

We do not agree that DNSPs are well suited to acting as distribution market operators, particularly if this is viewed as a more expansive role.

The incentives of DNSPs are not well-aligned with consumers, and they have few meaningful incentives to maximise the benefits of CER for consumers.

As regulated entities they are not currently allowed to profit from CER. Even if this were possible, doing so would be likely to conflict with their core areas of business and sources of revenue. As enablers of supply, their incentives are fundamentally misaligned with optimised demand and supply sides of the energy market – given such optimisation places a limitation

on network augmentation. Accordingly, they cannot be relied on to fully represent the best interests of the demand side.

As entities on the supply side, DNSPs are also not experts in demand-side resources or appropriate representatives of their interests. While they produce some data concerning the network impacts of CER activity, they are in no way experts regarding the likely or optimal behaviours of such resources. They are also not expert in the production of markets. This would be a new area of work for network businesses, and there are actors with more experience in consumer-facing roles who could take on this new coordinating role with incentives better aligned with consumers.

We do not consider DNSPs have the right incentives or expertise to perform the DSO role in a manner which would dependably maximise the value of CER and deliver the best outcomes for consumers.

We would welcome the opportunity to engage with these issues in more detail and look forward to contributing further to this work in the coming months.

Yours sincerely,

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