The Clean Energy Council (CEC) welcomes the opportunity to provide feedback on the Department for Energy and Mining (DEM) Technical Regulator Guideline, which addresses export limiting methods, remote communications capabilities for inverters and related matters.

The CEC is the peak body for the clean energy industry in Australia. We represent and work with Australia’s leading renewable energy and energy storage businesses, as well as rooftop solar installers, to further the development of clean energy in Australia. We are committed to accelerating the transformation of Australia’s energy system to one that is smarter and cleaner.

We commend the Office of the Technical Regulator (OTR) for the way it has conducted the industry consultation in the development of the guideline.

We are very pleased to note that the South Australia (SA) Minister for Energy has deferred the date from which dynamic export limitation capability will be required to 1 December 2022. This is a very sensible move and should give sufficient time to resolve outstanding issues regarding governance, policy, and technical regulation.

In this submission we focus on issues regarding governance of distributed energy resources (DER) technical standards, and the policy framework for dynamic export limitation. We will continue to engage with the OTR on the details of its technical regulation and have not addressed those details in this submission.

We urge the SA Government to participate in the forthcoming review of governance of DER technical standards by the Australian Energy Market Commission (AEMC) and refrain from developing detailed regulations until the review has been conducted.

We also urge the SA Government to clarify its position on the point at which dynamic operating envelopes should apply. If they are to apply at the connection point, we urge the SA Government to support a broadening of the scope of the AEMC review of metering services so that it can consider what role, if any, ‘smart’ meters might have in enabling dynamic operating envelopes.

We would be happy to discuss these issues in further detail with representatives of DEM. We look forward to contributing further to this important area for policy development.
Governance framework for DER technical standards

At the state level, the governance of DER technical standards is clear. State Parliament passes legislation, the Minister for Energy and Mining sets regulations, the SA Department for Energy and Mining (DEM) develops policy and the OTR develops regulatory guidelines. Complications and misunderstanding arise from the interaction of the state system with the governance of the National Electricity Market (NEM). Currently, the AEMC is conducting a response to a rule change proposal from the Energy Security Board (ESB) regarding the governance of DER technical standards and the ESB is simultaneously conducting a consultation process regarding ‘interoperability policy’, which has a significant overlap with the area of DER technical standards. We understand that the AEMC and the ESB are considering a review of the governance of DER technical standards following the completion of the response to the ESB rule change proposal. This could be a very welcome opportunity to clarify roles and responsibilities in relation to policy and regulation of DER technical standards, including standards for interoperability, remote communications capabilities for inverters, remote updating methods, export limiting methods and related matters.

We urge the SA Government to participate in the forthcoming review of governance of DER technical standards and refrain from charging down any policy and regulatory rabbit holes until the issues regarding governance and the policy framework can be clarified.

Policy framework for dynamic export limitation

We acknowledge that states have the power to set their own policy framework irrespective of the actions taken by other states. Our preference is for states and territories to work within the framework of the NEM wherever practical. Derogation from the national framework should ideally be a last resort, in situations where the national framework has failed or swifter action by jurisdictions is required.

Our understanding of how the governance framework for DER technical standards ‘should’ work is as follows:

1. The Australian Renewable Energy Agency (ARENA) Distributed Energy Integration Program (DEIP) can convene key stakeholders to develop policy recommendations. For example, the ARENA DEIP has developed a policy paper on dynamic operating envelopes which will soon be published.

2. The ESB can undertake additional or separate consultation. For example, the ESB is currently consulting on ‘interoperability policy’.

3. The AEMC can progress rule change proposals based on advice from and stakeholder consultation by the ARENA DEIP, or the ESB or it can undertake its own consultation process. For example, the AEMC is currently considering a rule change on governance of DER technical standards which was initiated by the ESB. The AEMC is also mid-way through a review of metering services, which could affect the implementation of dynamic operating envelopes.

4. Jurisdictional governments can adopt the policies developed by the ARENA DEIP, ESB and/or the AEMC or they can develop their own. For example, the SA Government is developing its own regulatory guidelines for export limiting methods and related matters.

The fact that there are multiple processes affecting the same subject matter being run concurrently in the absence of clarity regarding governance of DER technical standards is a rich source of confusion and raises some serious concerns, which we have outlined below.

1. The point at which controls will apply

We understand that the ARENA DEIP report is likely to recommend that dynamic operating envelopes should apply at the connection point, rather than to DER and other individual devices behind the meter.

The ESB consultation paper on its ‘interoperability policy’ refers to distribution network services providers (DNSPs) having control of DER devices.
It would be helpful to understand the SA Government’s policy position on whether dynamic operating envelopes should apply at the connection point or if ‘interoperability policy’ should give DNSPs direct control of DER and other devices behind the meter or if there would initially be some form of ‘hybrid’ approach.

2. Technical specifications for the device at the connection point

If dynamic operating envelopes are to be applied at the connection point, then the device at the connection point needs the capability to respond appropriately to instructions.

In the current regulatory framework, the revenue meter is the device at the connection point. It is not required to have the capability to support dynamic operating envelopes.

The Common Smart Inverter Profile Australia (CSIP-Aus) is being considered for application to DER. A high priority should be to ensure that the device at the connection point can support use of CSIP-Aus.

There are currently three concurrent reviews into smart meters – one being conducted by the AEMC, one by DEM and one by the New South Wales (NSW) Department of Planning and Environment. The minimum technical specifications for ‘smart’ meters are outside the scope of the reviews by the AEMC and DEM.

We urge DEM to clarify its position on whether CSIP-Aus capability should be required of whatever device is at connection point. Unless the device at the connection point can support CSIP-Aus, it is unclear how dynamic operating envelopes and coordination of multiple DER devices behind the connection point are expected to work. It would be a very poor outcome for consumers if multiple DER devices behind the connection point are each required to be interoperable and with their own meters while the ‘smart’ meter at the connection point remains incapable of doing what is required.

When the AEMC review of metering services resumes later this year, the CEC will encourage broadening of its scope to include the minimum technical specification for meters. We encourage DEM to support this position.