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Response to the Review into consumer energy resources technical standards

AGL Energy (**AGL**) welcomes the opportunity to respond to the Australian Energy Market Commission's (**AEMC**) draft report on the Review into consumer energy resources (**CER**) technical standards in the National Electricity Rules (**NER**).

As a leader in CER products and services, AGL has actively participated in bringing the consumers' view and interests into the development of a range of policies, regulations, and technical standards applicable to CER. We currently represent the Australian Energy Council membership on a range of relevant Standards Australia Committees. We are also engaged in a range of industry forums focused on the development of appropriate technical standards and protocols to support CER integration, including the Distributed Energy Integration Program, API Technical Working Group, South Australian Office of the Technical Regulator Dynamic Exports Committee, and the Energy Security Board's (**ESB**) Customer Insights Collaboration Stakeholder Steering Group. We have consistently advocated in these forums for technical standards and protocols governing CER to empower consumers with choice to utilise and optimise CER assets for their own comfort and to participate in competitive market services which address broader energy system needs.

AGL supports the draft recommendations, however, we also want to emphasise that the draft report does not go far enough in addressing the current compliance and enforcement issues that have clearly been articulated by the AEMC.¹ As the AEMC notes, there are real costs and impacts for consumers if widespread non-compliance means CER can't be relied upon. A high level of compliance with the current Australian Standard for inverter functionality, AS4777.2 and future standards is critical if the increasing investment in CER is to support the long term interests of consumers.

In line with our previous submission, AGL recommends that the future regulatory reform consider the issue of clearly defining roles and responsibilities in the governance of technical standards. We continue to hold that the owner of the connection agreement should enforce compliance with the technical standards, and the regulatory body responsible for certifying safe electrical work in each jurisdiction should regulate the safety of the electrical work. The report written by Baker McKenzie is a great first step towards understanding the regulatory landscape. However, the most significant work to be done will be in coordinating jurisdictions and distribution network service providers to apply nationally consistent rules.

AGL recommends that the further regulatory reform being proposed under recommendation 13 pursue the least cost option. In the final report, a detailed implementation plan that outlines a potential strawman for investigation is essential. With the dissolution of the ESB, there is an opportunity for the AEMC to capitalise on the newly established body, the Energy Advisory Panel to prioritise this project in their new workplan. We note that this work will require significant uplift of jurisdictional work programs to ensure national consistency

¹ Draft report, Review of consumer energy resources technical standards, p10,
https://www.aemc.gov.au/sites/default/files/2023-04/emo0045_draft_report_-_cer_technical_standards_review.pdf



and application of any new governance arrangements. However, this will be essential as the review did not deliver an effective framework for governance of CER technical standards that aligns industry and establishes clear roles and responsibilities for compliance beyond the device-level.

We continue to emphasise the importance of this ongoing effort to ensure better outcomes for consumers is achieved. As the Australian Energy Regulator (**AER**) pointed out in its previous submission, consumers are entitled to expect that installers supply compliant equipment, they are unlikely to be aware of the terms and conditions of the connection agreement and are unlikely to have any realistic capacity to rectify non-compliance on their own.² The risk for the sector in getting this wrong is that non-compliance has the potential to undermine consumer trust in the market.

In addition, the draft report does not consider the risks of how non-compliance could significantly affect the implementation of future CER policies. This could be significant barrier to the type and level of participation required to realise the benefits forecast in the future role of CER in the grid. The pursuit of ongoing reform efforts by market bodies such as the rule change being considered on flexible trading arrangements and the AER's work on the regulatory framework for flexible export limits. Both of these projects will heavily rely on ongoing compliance and enforcement of technical standards for CER. Getting the governance settings right will be imperative in ensuring consumers can be receive benefits of their CER and participate in the transition.

If you have any queries about this submission please contact Emily Gadaleta, Regulatory Strategy Manager at egadaleta@agl.com.au.

Yours sincerely,

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² AER submission, Consultation Paper – Review of CER technical standards p.4
https://www.aemc.gov.au/sites/default/files/2022-11/19_aer_stakeholder_submission_emo0045.pdf