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7 August 2018

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Submitted online via: www.aemc.gov.au


Dear Mr. Pierce

Re: Draft rule determination - Register of distributed energy resources

The Australian Energy Regulator (AER) welcomes the opportunity to provide a submission to the Australian Energy Market Commission's (AEMC) draft rule determination to establish a register of distributed energy resources (DER). This draft rule determination is in response to the Council of Australia Governments (COAG) Energy Council's proposed rule change in relation to a register of DER.

The AER provided a submission on the initial rule change proposal on 17 April 2018 agreeing with the rule change as the proposed DER register (the Register) could provide a range of benefits. We also noted there would be challenges in terms of implementation and operation and it was important these were addressed as part of the rule change as far as possible. We are pleased to see the AEMC has drafted the rule in a way which should minimise implementation costs.

As previously noted, we see benefits in the establishment of the Register. The increased visibility of DER on the network, enabled by the register, should assist network businesses to use efficient non-network solutions to defer or avoid network investment. It also complements the changes in technologies leading to the growing penetration and importance of DER.

We note the Register is intended to be static but that the AEMC has designed the draft rule to incorporate a degree of flexibility. The AEMC may wish to consider whether the rule is drafted in such a way that it can respond appropriately to the outcomes from other DER-related inquiries and processes, including the potential for it to shift towards a dynamic register in the long term. The AEMC's proposed rule change is also designed not to capture 'passive' DER, including solar PV. While this is a reasonable approach, as AEMO has visibility of solar PV through the operation of current renewable schemes, the AEMC may

wish to consider if this needs to change if existing methods of capturing small-scale solar PV installations are unwound.¹

We note that submissions by DNSPs indicated they expect to incur increased costs to provide information to the Register, but that the AEMC's approach is designed to avoid significant cost outlays by leveraging existing data collection mechanisms. We agree that the use of network connection processes should minimise information costs for DNSPs.

As well, our expectation is that, over time, the growing use of DER will allow better network planning and asset management which should lower network costs, including as networks are able to harness DER instead of traditional network investment. The Register will assist in facilitating this use of DER. We would expect these benefits to offset the initial costs of the Register and information collection and lead to lower overall network costs over time.

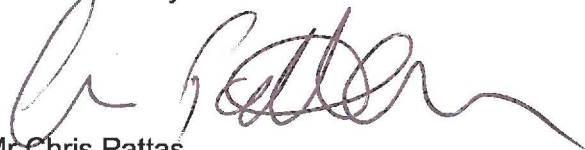
A key implementation challenge raised in our initial submission was around how compliance would be managed. We noted the AER is not best placed to undertake compliance at a DER owner level. In that context we support the draft determination placing information gathering obligations on NSPs, and relying on them, as beneficiaries of the Register, to drive the Register's development. We consider that while this is the preferred solution, compliance with the Register may be an ongoing challenge. We also understand the AEMC considers that the quality of information could be improved through actions by jurisdictional safety regulators, although this would be a matter for them to address.

We are supportive of the approach the AEMC is taking in the draft determination towards access to data, including the publication of aggregated information on a periodic basis. We also agree that, in relation to disaggregated data, the Electricity Distribution Ring-fencing Guideline is capable of managing any competition issues in the operation of the Register, through obligations on DNSPs and their affiliated entities with respect to discrimination and information sharing and access. However, this will need to be monitored once the Register is in place and in operation.

We also have one suggestion in relation to the drafting of the Rule itself, specifically the proposed new definition for *DER Generation information*. It may be useful to clarify whether the reference to 'standing data' in this definition relates to clause 3.13.3 of the National Electricity Rules (the Rules) as there does not appear to be a specific definition for *standing data* in Chapter 10 of the Rules.

If you would like to discuss any aspects of our proposal, please contact Dale Johansen at dale.johansen@aer.gov.au.

Yours sincerely



Mr Chris Pattas
General Manager, Distribution

¹ The ACCC's July 2018 'Retail Electricity Pricing Inquiry - Final Report' recommends that the Small-scale Renewable Energy Scheme should be abolished by 2021. Our understanding is that this would have ramifications for the Clean Energy Regulator capturing detailed data on solar PV installations under 100kW in size.