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seed

Energy Networks Australia
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Dear Sir/Madam,

ClimateWorks Australia and Seed Advisory welcome the opportunity to provide input into the Open Energy Networks stakeholder consultation.

The Open Energy Networks consultation paper represents an important step by AEMO and Energy Networks Australia (ENA) to plan for the future of distributed energy. Coordinated deployment of distributed generation could have substantial financial and emissions benefits, with the potential to reduce emissions by 37 Mt CO_2-e in 2027 and deliver $1.4 billion in avoided network investment. Our response to the Open Energy Networks consultation paper focuses on Question 2 from Section 6: "Are there other immediate actions that could be undertaken to aid the coordination of DER?". While the consultation paper focuses heavily on alternative models for a future distributed energy services market, we believe that improving the current governance arrangements around processes for network access should be an immediate priority. Effective governance of network access processes would lower costs for consumers, enable the uptake of more distributed generation and establish a precedent for the representation of customer interests in the coordination of distributed generation. Improving the governance of current network access processes forms an essential precondition for the development of a distributed energy services market.

The market for distributed energy services proposed in the Open Energy Networks consultation paper relies on customer participation at a level not required under the current system. The proposed system could deliver $1.4 billion in avoided network investment, but achieving these savings requires customers to make bigger investments in their own generation equipment and engage in more complex decision-making in relation to their own electricity consumption and production. Customers will have to first decide whether or not to invest in distributed energy resources, and then decide whether to enter the market for distributed energy services[1]. For customers to decide to participate in the market, they will need to be confident that participation will be simple and profitable, and that their interests have been taken into account. Unless this can be achieved, customer participation in distributed energy service markets may be lower than required to achieve the projected emissions and financial benefits. It is important to ensure that current and future processes for the connection and coordination of distributed generation are equitable, transparent, and developed in consultation with customers.

The current system for managing the connection of distributed energy to the network does not deliver lowest cost outcomes for customers, or provide for strong customer representation. Under the current system, state laws make distributors responsible for managing the safety and performance of the network. To meet these responsibilities, distributors control what technologies are connected to the

[1] https://www.aemc.gov.au/sites/default/files/content/e97fca36-b3c4-457d-9c04-2efe6e714479/ECA-Response-to-approach-paper-Distribution-Market-Model.pdf

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Since ClimateWorks' launch in 2009 through a partnership between The Myer Foundation and Monash University, philanthropic support has been key to achieving our mission of catalysing Australia's transition to a prosperous, net zero emissions future. This support continues to allow us to remain truly independent, evidence-based and non-partisan.

network and where. There is little regulatory oversight of network access processes or technical requirements, and no requirement that networks consider the interests of customers. This means that in some cases customers could need to pay more to meet overly strict safety requirements in order to connect to the network. There is also substantial variation between distribution networks, imposing costs on customers as a result of the subsequent fragmentation of equipment markets. The complex array of laws, requirements and standards governing network access can make it both more difficult and more expensive than necessary for customers to connect their distributed energy resources to the grid.

Improving customer representation and transparency in current network access processes could reduce costs for customers, enabling the connection of more distributed energy resources. It could also provide customers with reassurance that their interests are being considered and form an important first step towards the distributed energy market future. With support from Energy Consumers Australia, ClimateWorks and Seed Advisory recently published a report on this topic: *Plug and Play 2: Enabling distributed generation through effective grid connection standards*. In this report, we identify actions that could be undertaken to improve network access processes and requirements, specifically:

- The development of a consistent framework for network access requirements to be applied across all distribution networks;
- Better representation of customers in the development of Australian Standards for grid connected equipment, and;
- If better customer representation is not possible, adoption of International Standards for grid connected equipment, with only minimum amendments to account for specific Australian conditions.

Effective network access processes will be essential in enabling the distributed electricity transition to progress equitably and transparently. It is our view that implementation of the above actions would improve the balance of customer interests alongside network safety and performance in network access processes. The improved processes would be evidence-based, consistent across different networks, and balance the interests of different energy market participants to create better outcomes for the economy and the grid. Improving the governance of current network access processes should form an important and early step in AEMO and the ENA's efforts to progress towards a distributed energy services market.

For further information, please find attached our report, *Plug and Play 2: Enabling distributed generation through effective grid connection standards*.

Yours sincerely,

Sarah Fumei
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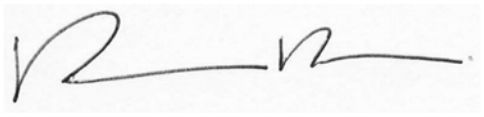

Patricia Boyce
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