

**Submission to:** The South Australian Department for Energy and Mining (DEM)

**On:** “Regulatory Changes for Smarter Homes” consultation papers

**From:** The SA Power Networks Customer Consultative Panel (CCP)

Via email to [ETRConsultations@sa.gov.au](mailto:ETRConsultations@sa.gov.au)

10 July 2020

**Attention:** Rebecca Knights, Director Energy Policy and Programs

Dear Rebecca,

The CCP is the lead consultative forum for SA Power Networks customers and stakeholders. The panel was established in 2009 to ensure the customer voice is considered in SA Power Networks decision making. SA Power Networks also convenes several other consultative groups that focus on specific areas requiring deeper engagement including an Arborists Reference Group, Community Reference Group and Connections Working Group. More information is available here: [www.sapowernetworks.com.au/about-us/customer-and-stakeholder-engagement/](http://www.sapowernetworks.com.au/about-us/customer-and-stakeholder-engagement/) and here: [www.talkingpower.com.au/reference-groups](http://www.talkingpower.com.au/reference-groups)

The proposed package of regulatory changes covered in the Department’s five consultation papers seek to implement new technical standards for solar inverters and smart meters in South Australia in advance of similar requirements elsewhere in the National Electricity Market. This is in response to a recent report from the Australian Energy Market Operator (AEMO) related to managing the South Australian grid when ‘net demand’ after rooftop solar becomes so low that a major fault could make the local grid unstable<sup>1</sup>. AEMO recommended a range of “Immediate measures to address system security” that included:

*“Coordinated stakeholder engagement with customers, industry participants and the community - to transparently share identified system security risks and consider proposed mitigation approaches. Consistent and transparent information from AEMO, the SA Government, SAPN, ElectraNet, the ECA, the Energy Security Board, the AER, the AEMC and other key decision makers is required.”*

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<sup>11</sup> See the ‘Ad hoc publications’ section of the SA Advisory Functions page at <https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-forecasting-and-planning/south-australian-advisory-functions> for the “Minimum Operational Demand Thresholds in South Australia Review” report and the “Managing South Australia’s energy transition” fact sheet

We agree with this emphasis on engagement. However, the Department's approach to stakeholder engagement has caused significant concerns amongst CCP members and other stakeholders and we make the following points in response to your consultation papers:

- We acknowledge that the issues are real, significant and warrant a thorough response. However, consulting on such important issues over a period of just two weeks and over the end of financial year does not allow adequate engagement with consumers and industry stakeholders.
- We recommend a second round of genuine, meaningful consultation once more details of the proposed mechanisms are available.
- SA Power Networks reference groups, including the CCP, have been established to ensure that decisions affecting the distribution network are well considered. We invite the Department to see these groups as an opportunity to engage with informed stakeholders on these matters. We expect that this engagement will result in more robust solutions that more thoroughly consider the needs of consumers.
- The issues described in the AEMO report are “here and now” risks that will need to be addressed by September 2020. None of the measures being consulted on will make a material difference to this and hence the rush to prescribe solutions is difficult to justify. Implementation timeframes of “September 2020” risk the adoption of rushed reforms that may not serve the long-term interests of customers.
- Many of the issues identified reflect the inadequacy of past inverter standards or non-compliance with current standards. This is not the fault of the hundreds of thousands of households and businesses that have installed solar since South Australia introduced the nation leading and immensely popular “feed-in tariff” legislation in 2008. Without a significant investment in compliance and enforcement, there is no reason to believe that new technical standards will have the desired effect. We understand from SA Power Networks that compliance with existing standards would increase the solar ‘hosting capacity’ by around 40%. We suggest that a collaborative partnership between Government and industry might be a better way to achieve the distributed energy future that we all want for South Australia.

- We are of the view that a consumer-led uptake of solar and batteries continues to be a positive for the South Australian community and that rushed changes to technical standards risk crumpling an industry that has, to date, proved resilient to the economic challenges of COVID-19.
- It is understood that there is considerable effort from Market Bodies in relation to ‘future market’ issues, including the AEMC’s “Two sided market” process, the Energy Security Board’s ESB’s post 2025 market design work and various Distributed Energy Resources (DER) rule change proposals. We recognise that SA is at the leading edge of many responses to changing markets and that national processes can lag the SA experience, however we fear that short term responses have the risk of contradicting aspects of longer-term energy market solutions, at a cost to SA consumers.
- Furthermore, we suggest that the interventions proposed for the coming spring – restricting interconnector flows, directing local generation to run and elevating network voltages to “trip” solar inverters only occur when directed by the Minister (or AEMO) in genuine emergencies and that this is appropriately communicated to the community. The cost of interventions earlier this year when the storms impacted western Victoria’s Transmission network and SA operated as an electrical ‘island’ for several weeks is understood to have cost customers tens of millions of dollars. Transparency over the likely costs of intervening will allow customers to contrast this with the risks of repeating the 2016 state-wide blackout.

We would welcome engagement by representatives from the Department with the CCP or other SAPN reference groups at one of our regular meetings. SA Power Networks would be pleased to facilitate this through your usual communication channels.

Sincerely,

Dr Andrew Nance

Chairperson

on behalf of the SA Power Networks Customer Consultative Panel.