

07 March 2025

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NSW Department of Climate Change, Energy, the Environment and Water

Submitted by email to: [REDACTED]  
energy.consumerpolicy@dpie.nsw.gov.au;

Dear [REDACTED]

### **ENA Submission – NSW Emergency Backstop Mechanism and CER Installer Portal Consultation Paper**

Energy Networks Australia (**ENA**) welcomes the opportunity to provide a submission in response to the above Consultation Paper.

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

NSW ENA members are committed to supporting Australia's world-leading transition to distributed renewable electricity. The ENA strongly supports the NSW Government's leadership in promoting the consumer benefits of increasing consumer energy resources (**CER**) uptake in NSW through its Consumer Energy Strategy. Central to this is ensuring that CER such as rooftop solar can be integrated with the electricity system safely, efficiently and effectively at scale.

Distribution Network Service Providers' (**DNSPs**) implementation of effective emergency backstop capabilities and the transition to smart, flexible solar connections using the CSIP-AUS smart inverter standard are key measures that will enable Australia's solar industry to continue to grow and prosper. These measures are essential if rooftop solar is to reach its full potential in Australia. They will enable consumers to continue to benefit from lower cost green energy, while ensuring that the power system can be maintained in a stable state during times of very high solar generation and low system load. It will be particularly important for the rare occasions when the grid is impacted by a severe weather event or major infrastructure fault.

ENA offers the following key feedback in response to the Consultation Paper.

We support:

- The need for NSW DNSPs to establish an effective backstop mechanism as a last-resort measure to curtail solar output in an emergency, consistent with AEMO's guidance;
- Adopting the national CSIP-AUS smart inverter communications standard (Standards Australia HB-218) in NSW and ACT, consistent with other jurisdictions, as a means to enable emergency backstops and dynamic export limits (flexible exports);
- DCCEE developing a common installer portal in collaboration with NSW DNSPs and in consultation with the solar industry. We share DCCEE's goal of achieving a simple and consistent process for solar installers across NSW to record site details required for AEMO's Distributed Energy Resources (**DER**) Register and the Certificate of Compliance for Electrical Work (**CCEW**), and a simple, consistent and reliable process for commissioning CSIP-AUS-capable inverters; and
- The goal for NSW DNSPs to achieve a harmonised approach to implementing CSIP-AUS. NSW and ACT DNSPs are actively working together to align their CSIP-AUS implementations

and business processes as much as possible, with the aim of minimising the impact on equipment manufacturers (**OEMs**) and the solar industry of introducing CSIP-AUS in NSW and maximising customer benefits. ENA has been actively working to support the NSW/ACT DNSPs in these efforts since last year, supported by other DNSPs from South Australia and Victoria, to ensure that learnings from the jurisdictions that have already introduced a CSIP-AUS mandate are taken into consideration. We will continue to work with the DNSPs and solar industry towards a smooth and successful implementation in NSW.

However, we note that:

- While direct control of customer inverters using CSIP-AUS will be a critical element of an effective backstop mechanism in the long term, it is just one method that DNSPs will need to call on to achieve the levels of solar curtailment that AEMO requires. DNSPs will need to establish a suite of complementary measures in addition to CSIP-AUS, which may include SCADA control of large generators, emergency voltage management, load bring-on (where possible), or other means to disconnect or curtail solar output; and
- Any regulated backstop obligation must recognise this and not be limited to CSIP-AUS. It must allow DNSPs the flexibility to deploy the mix of backstop methods that will be most effective in meeting AEMO's needs in their network while minimising customer impact. This will be particularly important for Spring 2025 and the following years; in the near term, DNSPs will need to rely almost entirely on non-CSIP-AUS methods to meet AEMO requirements as it will take time to build up enough CSIP-AUS-capable inverters to contribute a material amount of curtailable capacity.

We recommend that:

- DCCEEW amend DNSP licence conditions to include clear obligations to establish an effective backstop mechanism using a range of measures, commencing in time for spring 2025, and to support the transition to CSIP-AUS;
- Given DNSP emergency backstop mechanisms in place for spring 2025 will need to rely on other measures, DCCEEW should consider separating the obligation for DNSPs to establish a backstop mechanism – which is the key requirement for Spring 2025 – from the deadline for the mandatory adoption of CSIP-AUS for new installations. This would allow for a staged approach where a CSIP-AUS mandate could potentially be deferred, to allow more time for industry to prepare. Experience in other jurisdictions suggests that a Spring 2025 deadline for CSIP-AUS would place significant pressure on the solar industry, NSW DNSPs and DCCEEW to achieve technical readiness. It allows very little time to test and eliminate teething issues with DNSP systems, OEM products and the new installer portal. We note that OEMs and solution providers have varying development cycles and updating software or firmware to resolve issues uncovered can take weeks or months. A staged approach would reduce the risk of poor outcomes for customers and the solar industry and help ensure a smooth transition in NSW;
- DCCEEW could also consider a further staging of any CSIP-AUS mandate so that it is rolled out progressively across the state rather than applying to all new installs from day one. This was the approach taken in South Australia, in contrast to the approach in Victoria. It allows for:
  - Flexibility to adapt the pace of the rollout to manage any teething issues that arise;
  - Limiting any negative impacts to industry or consumers as the rollout occurs;
  - Ensuring high levels of technical compliance, and
  - Allowing the highest solar areas with higher risks to be prioritised;
- Changes to DNSP licence conditions to introduce new obligations regarding emergency backstops and CSIP-AUS must:

- Support the broader transition to flexible exports for customers. While the ability to curtail solar during rare emergency conditions is critical to the security of the power system, the transition to CSIP-AUS has the potential to bring much broader benefits to solar customers on a daily basis. CSIP-AUS creates the opportunity for solar customers to transition from fixed to flexible export limits, allowing them to install more and larger solar PV systems and export more energy to the grid than before, but without incurring high grid upgrade costs. It is also a key foundation for greater market participation of CER in future, which will ultimately reduce the need for interventions such as emergency backstops. It will be important that customers and the solar industry understand this bigger picture, otherwise they may perceive any CSIP-AUS requirement as an impost;
- Consider the related issues of testing and ongoing compliance. I.e. DNSPs will need the means and the authority to periodically test the system outside of emergency conditions, and to monitor and maintain compliance of PV systems to the technical requirements on which the backstop mechanism depends, including AS4777 and CSIP-AUS requirements; and
- Ensure that DNSPs have the means to recover the cost of the investments required to establish the mix of backstop measures needed to meet AEMO capacity requirements for spring 2025 and beyond. This may require DNSPs to apply to the AER for a cost pass-through, which has regulated materiality thresholds. If new obligations are not sufficiently clear then costs reasonably incurred to meet the new obligations may not be able to be included when determining whether the materiality threshold for a cost pass-through has been met. In this case, it is likely that DNSPs will be unable to make all the necessary investments to effectively manage the system as envisioned under these changes. It will be important to balance the critical needs of system stability and the long-term consumer benefits of increasing compliance and accelerating the transition to flexible exports with minimising any cost impacts to customers.
- Provide the NSW Government with adequate funding to implement its responsibilities under the Consultation Paper. An approach that leaves one component unfunded or under-funded will result in a program that is unable to achieve its outcomes and result in a poor emergency response when needed; and
- DCCEEW engages with the whole industry as soon as possible on implementing the Consultation Paper, especially installers and retailers. Lessons from other jurisdictions show the importance of all stakeholders being able to understand and implement the new process and obligations.

The views put forward herein represent consensus views of NSW ENA members. We understand that individual members will also make their own submissions to the Consultation Paper with further detail on their individual perspectives.

If you have any questions or would like to discuss specific topics further, please do not hesitate to contact [REDACTED]

Yours sincerely,

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