



MARCHMENT HILL CONSULTING

*determined to make a difference*

# Session Chair's Opening Remarks New Energy Paradigm: the implications of a distributed energy future

Neil Gibbs, Chair Distributed Energy Leadership Forum &  
Chair Marchment Hill Consulting

# The distributed energy transformation is just beginning

---

What we all seem to agree:

- Australia's electricity system is undergoing the most remarkable transformation - we will lead the world in **decentralisation, decarbonisation and digitalisation**
- **Customer adoption** of technology and innovative business models is driving the agenda - regulatory and market constructs are battling to keep pace
- This **increases the risk profile** for many industry players
- We have started, but there is a long way to go - **the change is inexorable**

# The magnitude of systemic change to accommodate this transformation is daunting

---

- The future should place **customer choice at its centre** and deliver:
  - **DER Monetisation** - customers should be rewarded for their contribution to the system; new markets which support grid function
  - **System Optimisation** - to avoid unnecessary investment in centralised generation, transmission and/or distribution; and
  - **System Balance** - dynamically balancing supply from millions of intermittent DER.

The **complexity of this transformation** cannot be underestimated:

- New decentralised markets and a fundamentally different system architecture are needed
- Designing secondary or transactive energy markets which enable DERs to be optimised in the power system, while seamlessly integrating them with the existing NEM market, represents a task of similar magnitude but arguably greater complexity than building the NEM

# Naturally, there are many questions ....

---

- Can the architecture of the NEM as we know it accommodate this change?
- Are we already in the process of building critical new national market infrastructure? If so, do we realise it; is there a clear vision for this; and have we assigned it the priority it deserves?
- Can existing barriers to this future be overcome? And will new barriers be erected?
- While we will all agree that customers must be at the centre of this transformation, will there nonetheless be the need for mechanisms which shape individual customers actions for the benefit of all?