

A few
words.

Rob Jackson

Australian Energy Market Operator

By email: StakeholderRelations@aemo.com.au

19 September 2016



Dear Mr Jackson,

AGL appreciates the opportunity to comment on the Australian Energy Market Operator's (**AEMO**) *Future Power System Security: Progress Report (Progress Report)*, August 2016. AGL supports work to ensure that the National Electricity Market (**NEM**) is well positioned to accommodate (and will remain safe and secure in the face of) the changing generation mix and the evolution in the ways customers interact with the energy system.

This submission is focussed on the priority workstream entitled "Visibility of the power system (data, models and tools)." AGL recognises that AEMO has an interest in the collection of data on distributed energy resources (**DER**) to assist in the planning and operation of the NEM. We understand that AEMO is currently undertaking a data needs analysis to catalogue specifically what data is required about DER to meet those needs, including an assessment of implications if relevant data is not available.

AGL suggests a number of considerations and principles to guide this analysis:

1. Data needs must be clearly justified and balanced against the costs of data creation and provision. This includes an awareness of potential consequential impacts on innovation and investment in the creation of new sources of data should any new regulatory obligation to collect or provide data be cast too wide or made too onerous.
2. Justification for any new data requirement must include a clear statement of how that input will be deployed in AEMO's suite of modelling tools to improve modelled outputs and market outcomes. Data should not be sought without this clarity of purpose.
3. While there is already material penetration of distributed generation, for the most part this generation has not involved 'smart' controllable connections (load and/or generation) or digital measurement. The market for this second wave of 'smart' DER is still forming. The emergence of this market will necessarily involve a stage of testing and learning about different deployment models and means of creating value for customers as well as the electricity system. There is a real risk that prematurely settling upon prescriptive data requirements will stifle market development and innovation.

A better approach would be to leverage the myriad of trials being pursued in the market to develop, over time, a considered view of essential data requirements and the most efficient means of eliciting this data. For example, AGL will share important knowledge and learnings with AEMO through its South Australian solar and battery virtual power plant (**VPP**) demonstration project.

4. Where possible market mechanisms to elicit data provision should be preferred over capture through regulatory obligation. For example, the development of markets for the provision of grid stability and other services will itself lead to the production of data (through service offering and service assurance) that will support stable system operation without the imposition of any new regulatory obligation.



5. AEMO should where possible leverage existing data sources, rather than creating duplicative data obligations. For example, the COAG Energy Council is currently consulting on the potential creation of an energy storage registration data base. One consideration of the COAG EC review is how to bring together the various competing data bases already in place or under development (e.g. by the Australian Energy Storage Alliance, the Clean Energy Council and the Australian Energy Storage Council) to create a single, national data base with clear requirements.
6. AEMO should provide a clear view on the interaction between its various data-focussed projects and, where possible, streamline these. This will promote a consistent and coherent approach to data capture issues. For example, AEMO is also currently consulting on the development of Demand Side Participation Information Guidelines, which will result in the collation of data directly relevant to the FPSS work. AEMO has also signalled its intention to consult on a separate strategic initiative 'Data and Information', including participation in the Energy Use Data Model project under the National Energy Productivity Plan.

AGL would be pleased to discuss the matters raised in this submission in more detail and looks forward to further involvement in the *Future Power System Security* program as it proceeds. Should you have any questions in relation to this submission, please contact Eleanor McCracken-Hewson, Policy and Regulatory Manager, New Energy, on 03 8633 7252 or myself on 03 8633 6836.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Stephanie Bashir', is positioned below the text 'Yours sincerely,'.

Stephanie Bashir

Head of Policy & Regulation New Energy