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Chris Mock

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Australian Energy Market Operator

By email: energy.forecasting@aemo.com.au

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Dear Chris,

Issues Paper – Demand Side Participation Information Guidelines

AGL welcomes the opportunity to respond to the *Issues Paper – Demand Side Participation Information Guidelines* (**Issues Paper**), November 2016.

AGL is one of Australia's largest integrated energy companies and the largest ASX listed owner, operator and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources. AGL is also a significant retailer of energy, providing energy solutions to over 3.7 million customer accounts throughout eastern Australia. In 2015, AGL established a New Energy Services division, with a dedicated focus on distributed energy services and solutions.

AGL acknowledges the need for the Australian Energy Market Operator (**AEMO**) to have access to sufficient information on the expected behaviour of generation and demand in the National Electricity Market (**NEM**) to be able to fulfil its load forecasting and market operation functions. AGL considers that AEMO should have regard to the issues outlined below when determining the manner in which it will deliver on the new requirements set out in clause 3.7D of the National Electricity Rules.

Justification and scope of data collection

In AGL's view it is important that each of the data requirements included in the proposed data model (Appendix A to the Issues Paper) be justified with a clear statement of how that input will be deployed in AEMO's suite of modelling tools and lead to tangible improvements in load forecasting. Applying this discipline will minimise compliance costs and better promote the usefulness of the information collected. It may also influence the preferred form, frequency and manner of data collection. In this vein, we set out some queries regarding the detailed information proposed to be collected in the table **attached**.

The market for intelligent, controllable 'distributed energy resources' and associated demand-side programmes is still forming. There is a risk that prematurely settling upon prescriptive data requirements will stifle market development and innovation. The examples provided in the Issues Paper helpfully illustrate AEMO's expectations as to the level of detail likely to be required in responding to some of the free form questions. While the industry is in the process of experimenting with new technologies, control platforms and algorithms, it is important that the data request continues to allow a flexible description of program elements.

We note that AGL will share important knowledge and learnings with AEMO through its South Australian solar and battery virtual power plant (VPP) demonstration project. In our view, leveraging these kinds of trials is the best approach for developing, over time, a considered view of essential data requirements and the most efficient means of eliciting this data. Once the market has evolved beyond the current embryonic phase, it may be appropriate to revisit the DSP Information Guidelines.

Publication of information

In determining what information to publish, AEMO must be cognisant of protecting both commercial-in-confidence information, incentives for private sector investment in data and data analytics, as well as the privacy and security of individual residential customers. AEMO should only publish aggregate and anonymised information. Levels of aggregation should be thoroughly tested to ensure commercially sensitive information cannot be deduced by other market participants.

Timing of collection

AGL considers it appropriate to commence with annual collection of data, with a decision to increase the frequency only made once the usefulness of the information (as reported by AEMO under clause 3.7D(d)) and the cost of complying with the data requests has been more concretely established. Although AEMO has suggested collection to coincide with the publication of the annual National Electricity Forecasting Report (usually mid-year), it may ultimately prove more useful to schedule collection shortly before the summer demand period in order to capture new demand response programmes targeted at this period.

Energy Storage Database

The data model proposes collection of:

- all NMIs with battery storage installed; and
- for individual connections or aggregation programs >1MW, also the storage capacity, purpose, installation date (single connection only), export permissions, inverter make and model (individual connections only).

We note that a number of stakeholders and policy-makers have proposed the creation of an energy storage database to track installations of battery storage across the NEM. The COAG Energy Council 'Energy Market Transformation Project Team' consulted on this issue in September/October 2016, with advice to the Council anticipated at the end of 2016. A cost benefit analysis comparing the option of implementing a national battery register with other potential options for collecting information on battery storage systems is currently out for tender.[1]

AGL suggests that AEMO confirm its intended approach with the Council to ensure a common understanding of the interaction of AEMO's proposals under the DSP Information Guideline with the question of an energy storage database. Coordination of initiatives for the collection of energy storage data is essential to avoid the duplication of data repositories and associated establishment, maintenance and compliance costs.

AGL would be happy to engage confidentially with AEMO on questions related to compliance costs to the extent these are not directly addressed in this public submission.

Should you have any questions in relation to this submission, please contact Eleanor McCracken-Hewson, Manager Policy and Research, on 03 8633 7252 or myself on 03 8633 6836.

Yours sincerely,

Stephanie Bashir

Senior Director Public Policy

[1] https://www.tenders.gov.au/?event=public.atm.show&ATMUUID=68A960EF-D770-EAAA-AA77F16F935A2446

ATTACHMENT: QUERIES OF PROPOSED DATA MODEL

Data model proposal	Query
Section 1	
Retail TOU tariffs Proposal to collect the NMIs of all retail customers on time-of-use tariffs	The signal to customers on such tariffs remains the same from one day to the next. It does not vary based on real-time network demand or market pricing conditions. It is questionable the degree of assistance offered by this data in managing intra-day price and demand conditions. These NMIs will have relatively stable seasonable demand behaviour.
Future Programmes Proposal to collect details of upcoming programmes	Registered participants should not be required to provide details of future programs or tariff classes unless there are already committed recruits into those new programmes or tariff classes. Otherwise the information is of little value in fulfilling AEMO's short term load forecasting responsibilities. The annual update to the DSP information provided by registered participants to AEMO means that load forecasts will be able to be updated in a timely fashion based on more concrete data.
Future deployments Proposal to collect lists of individual committed contracts or projects where potential DSP exceeds 1MW	As with the remainder of the data model, the information provided to AEMO with respect to future deployments should be limited to NMIs and potential load reduction. Other contract details are not relevant to AEMO's task and may constitute confidential information.
Section 2	
Proposes to collect name/address *as well as* NMIs	Providing names and addresses of connection points would be costly and potentially raise confidentiality, privacy and security concerns. NMIs should be sufficient for AEMO's forecasting purposes.
Trigger condition/algorithm	Where the trigger relates to a registered participant's own contract position and not network demand or spot price as observable by AEMO, then it should be precluded from the data model as it will not assist AEMO in managing intra-day or longer term load forecasting. This is particularly the case as the customer commitment under such contracts may be non-firm, making reliable reporting difficult.