

26 August 2020

Ms Audrey Zibelman  
Australian Energy Market Operator  
20 Bond Street  
Sydney NSW 2000

Dear Ms Zibelman

### **AEMO CONSULTATION ON IMPROVING AEMO'S STAKEHOLDER ENGAGEMENT**

The Water Services Association of Australia (WSAA) is pleased to indicate its interest, through this submission, to explore opportunities to engage strategically with the Australian Energy Market Operator (AEMO).

WSAA commends AEMO on its intent, through this consultation, to deliver a material shift in:

- The level of transparency which stakeholders, market participants and consumers enjoy, regarding AEMO's understanding of current and emerging challenges.
- A more two-way, collaborative experience for stakeholders, in both defining problems and identifying solutions.

Specifically, we commend you on your interest to consult with peak industry bodies, like WSAA.

#### **WSAA Collaboration**

WSAA is the peak industry body that connects the urban water industry. We represent over 104 public and privately-owned organisations. These members provide water and sewerage services to over 24 million customers in Australia and New Zealand, as well as many of the largest industrial and commercial enterprises.

WSAA's activities focus on collaboration, knowledge sharing, networking and cooperation, through our Committees and Networks. In particular, our Climate Change, Energy and Environment Network – under our Liveable Communities Committee – plays an important role in delivering on WSAA's vision, "customer driven, enriching life".

The urban water industry relies on strong policy and leadership by governments. We can achieve the greatest impact through enhancing our collaboration efforts with other sectors. We have identified the energy sector – along with the local government, health, urban planning, development and waste sectors – as key partners to deliver on our vision.

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## Energy-Water Co-Dependencies

Similarly, AEMO highlights the point that:

[i]ncreasingly complex co-dependencies between multiple sectors such as gas, heating, electricity and transport (electric vehicles), water, and hydrogen will have a significant impact on how best to evolve a power system that meets Australia's future needs.<sup>1</sup>

## Current Investments

Already, the water sector is invested heavily in energy sector initiatives, which are contributing to:

the least-cost, least-regret transition of the NEM...from a centralised coal-fired generation system to a highly diverse portfolio dominated by distributed energy resources (DER) and variable renewable energy (VRE), supported by dispatchable resources and enhanced grid and service capabilities, to ensure the power system can reliably meet demand at all times.<sup>2</sup>

In particular, in terms of VRE, the sector has invested heavily in solar, wind, and other VRE resources at the utility level. The sector has a strong interest in protecting and strengthening such investments in the future. We would welcome the opportunity to work closely with AEMO on future system evolution, to advance our energy security, reliability and emissions ambitions, at least possible cost to our sector's customers.

## Future Interests

During 2020-2040, WSAA specifically notes AEMO's views that:

As the hydrogen sector will eventually be coupled with Australia's energy, water and transport sectors, it is critical that future hydrogen policies are coordinated with the policies and needs of those sectors.<sup>3</sup>

Bioenergy...has potential to provide energy to consumers for heat and power [and] to contribute to decarbonisation of the gas supply. Biogas is generated from the anaerobic...digestion of organic matter produced by agriculture, food production and waste and water processing.<sup>4</sup>

In particular, there is interest in the water sector about sustainable water use for a green hydrogen industry. WSAA could play a critical role in developing mutual understanding and thinking between the water and energy sectors in this regard.

Further, the water sector would be interested to engage with AEMO on approaches to long-term, integrated system planning, noting that:

AEMO developed the [2020-2040 Integrated System Plan] using cost-benefit analysis, least-regret scenario modelling and detailed engineering analysis, covering five scenarios, four discrete market event sensitivities and two additional sensitivities with materially different inputs. The scenarios, sensitivities and assumptions have been developed in close consultation with a broad range of energy stakeholders.<sup>5</sup>

As a significant energy consumer and producer, the water sector would welcome the opportunity to be closely engaged in future evolution of the energy system, as well as a range of other energy market operation and regulation matters that affect the sector's interests.

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<sup>1</sup> AEMO, [Corporate Plan 2020-23](#), page 2.

<sup>2</sup> AEMO, [2020 Integrated System Plan: Infographic](#), 30 July 2020.

<sup>3</sup> Ibid, page 22.

<sup>4</sup> AEMO, [2020 Integrated System Plan - Appendix 10](#), Sector Coupling, 30 July 2020, page 26.

<sup>5</sup> AEMO, [2020 Integrated System Plan \(ISP\)](#), 30 July 2020, page 9.

## **Next Steps**

At this stage, WSAA has no specific preferences in terms of particular models of engagement with AEMO – including forums, roundtables, panels and working groups.

Rather, as the next step, WSAA would welcome the opportunity to discuss its interest, with AEMO, to explore opportunities to engage strategically – including on the matters highlighted in this submission. I look forward to discussing this opportunity further on 0417 211 319 and [adam.lovell@wsaa.asn.au](mailto:adam.lovell@wsaa.asn.au)

Kind regards

A handwritten signature in black ink, appearing to read 'A Lovell', written in a cursive style.

**Adam Lovell**  
Executive Director  
Water Services Association of Australia