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19 January 2017

Karen Olesnicky
Australian Energy Market Operator
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Dear Ms Olesnicky

DEMAND SIDE PARTICIPATION INFORMATION GUIDELINES – ISSUES PAPER

Ergon Energy Corporation Limited (Ergon Energy) welcomes the opportunity to provide a submission to the Australian Energy Market Operator (AEMO) on its *Demand Side Participation Information Guidelines – Issues Paper* (Issues Paper). The attached submission is provided by Ergon Energy in its capacity as a Distribution Network Service Provider in Queensland.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jenny Doyle', written over a horizontal line.

Jenny Doyle
General Manager Regulation and Pricing

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Enc: Ergon Energy submission



Submission on the
*Demand Side
Participation Information
Guidelines - Issues Paper*

19 January 2017

Submission on the *Demand Side Participation Information Guidelines – Issues Paper*

Australian Energy Market Operator

19 January 2017

This submission, which is available for publication, is made by:

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Introduction

Ergon Energy Corporation Limited (Ergon Energy), in its capacity as a Distribution Network Service Provider (DNSP) in Queensland welcomes the opportunity to provide comment to the Australian Energy Market Operator (AEMO) on its *Demand Side Participation Information Guidelines – Issues Paper* (Issues Paper).

In response to the AEMO's invitation to provide comments on the Issues Paper, Ergon Energy has focused on the areas of general concern, including the rationale for the granularity of the information requested, associated costs and potential for any benefits of providing this level of information.

Ergon Energy is a member of Energy Networks Australia (ENA), the peak national body for Australia's energy networks. The ENA has prepared a response addressing AEMO's Issues Paper. Ergon Energy has provided input into this process and is supportive of the responses contained in the ENA's submission. Ergon Energy is available to discuss this submission or provide further detail regarding the issues raised, should the AEMO require.

General Comments

Data collection

Ergon Energy understands that rule 3.7D of the National Electricity Rules (Rules) requires AEMO to publish guidelines that specify the demand side participation information Registered Participants must provide to AEMO. It is understood that the information supplied to AEMO is to better inform AEMO's development or use of load forecasts for the purposes of the exercise of its functions under the Rules. However, it is not clear how AEMO will utilise the granularity of data requested in the Issues Paper. For example, the sample data model suggests a DNSP will be required to supply data for each individual National Metering Identifier (NMI) for each connection with load that is directly controlled by the DNSP by load category (hot water, air conditioning, pool pumps, etc.). For Ergon Energy, this will result in more than 450 000 line items of data.

Ergon Energy's network is a very large diverse radial network with several different requirements across the network. We utilise our existing Audio Frequency Load Control system on a target control basis, which means that each area has the automatic load control to ensure network feeder elements and network zone substations do not exceed limits. This results in different trigger points for each area which are based on network needs from a large variety of triggers. As such, the information AEMO are requesting is a complex and difficult task to compile across the NMIs.

Ergon Energy would be unable to automate the extraction of the data suggested in the Issues Paper without significant system changes. Therefore, to comply with the suggested data provision requirements would involve either extensive manual extraction or costly system upgrades to automate to process.

Notwithstanding the above, the Issues Paper appears to suggest that Registered Participants will be required to complete a predetermined Excel template. Ergon Energy suggests that these types of templates are not suitable for automated systems, which necessarily implies that this will require a manual process to complete. Manual input of large amounts of data will not only incur significant overhead costs, but also has the potential for errors in the data entry, which would compromise the data integrity.

As the Issues Paper does not detail how the information will be used to produce electricity load forecasts, it would appear that any benefit of providing this level of information would be significantly outweighed by the cost imposed on the DNSP, which would ultimately be borne by the consumers. Moreover, there does not appear to be any direct benefit to consumers.

The Issues Paper suggests that confidentiality issues will be addressed by publishing only aggregated data. Given this and the fact that providing aggregated data would be less of an administrative burden on DNSPs, Ergon Energy suggests that providing data aggregated to an appropriate network element level such as the bulk supply point or major zone substation level would be a more prudent approach in the first instance.

Ergon Energy notes AEMO already have access to a range of information to NMI level via the market mechanisms, such as:

- NMI level network tariff code indicating the customer participation in cost reflective tariffs; and

- NMI level network tariff code indicating the number of NMIs that have controllable load tariffs.

Furthermore, DNSPs already report on a range of demand management activities in various regulatory reporting requirements including, Demand Management Plan, Demand Management Outcomes Report, Distribution Annual Planning Report (DAPR), etc. Requiring DNSPs to supply similar information in different formats only adds to the regulatory burden and administrative overheads.

Ergon Energy suggests the above information may be able to be used in conjunction with the aggregated data provided to give AEMO the level of granularity requested. Furthermore, AEMO could utilise forecasting reports from Ergon Energy's range of internal forecasting processes.

Timing, frequency and accuracy of data

Ergon Energy suggests that should AEMO require additional information, an appropriate time for collecting the information would be at least 1 month after the submission of the DAPR, as some of the information contained in the reporting would be used in the development of the DAPR.

Ergon Energy notes AEMO intends to collect information on an annual basis and agrees this will minimise the impost on DNSPs. Should AEMO wish to receive this level of data more frequently or on an ongoing basis, Ergon Energy suggests AEMO work with the industry to develop a range of automated business to business processes to enable the data transfer to happen seamlessly on an ongoing basis.

Related issues

Reporting responsibility

Ergon Energy believes that the guideline should clearly define which entity is responsible for reporting each element. For example, a customer on a price reflective tariff could be supplied by the retailer and the DNSP. Ergon Energy strongly recommends AEMO does not burden the market by requesting reporting on the same element from two sources.

Related consultations

Ergon Energy recommends AEMO consider how the guideline will dovetail with the Commonwealth of Australian Government's consultation on Energy Storage Registration and give due consideration to other consultations currently in progress, such as and the Australian Energy Market Commission's (AEMC) review of the Distribution Market Model; the Australian Energy Regulator's consultation on Demand Management Incentive Scheme and Innovation Allowance Mechanism; and the AEMC's Local Generation Network Credits Final Rule.