

19 February 2021

Ms Violette Mouchaileh
Australian Energy Market Operator

Electronic Lodgement to wdr@aemo.com.au

Dear Ms Mouchaileh,

AEMO Wholesale Demand Response Guidelines Consultation

Energy Networks Australia are pleased to have the opportunity to make this submission in response to the AEMOs Wholesale Demand Response (WDR) Guideline consultation.

Energy Networks Australia is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

Energy Networks Australia members, specifically Distribution Network Service Providers (DNSPs) are supportive of collaborative efforts to provide guidance to existing and prospective Demand Response Service Providers (DRSPs) as the electricity network evolves to accommodate new forms of participation.

Key Messages

- » DNSPs support the connection of new customers to their networks, including those that wish to participate in WDR, subject to the ability of the network to support them.
- » We support DNSP pre-endorsement of WDR applications before they go to AEMO for consideration. DNSPs also commit to providing a mutually agreeable measure of transparency and evidence in response to DRSP applications.
- » Basic information such as the proposed size, ramp-rate and NMI of WDRs should be included to support an accurate DNSP assessment.
- » Principles can be drawn from large generation connections including first come, first served, maintaining commercial confidentiality etc.
- » DNSPs commit to producing a set of high-level principles agreed with DRSPs on how WDRs will be assessed, but note that more detailed discussions may need to account for local jurisdictional regulations and the state of the network.
- » There is question as to whether DNSPs should invest in increasing the ability of the network to support WDR. Once a connection is approved, should DNSPs have an ongoing obligation to maintain that capacity? We will seek clarification on this issue from other stakeholders.

DNSPs support WDR

DNSPs are mandated to provide service to customers by connecting them to the electricity network. Historically, this has been for the purpose of supplying energy, but is now increasingly for the purpose of transferring energy to *and from* customers, as evidenced by the uptake of Distributed Energy Resources (DER).

As the network evolves and our customers' expectations change, DNSPs are of the view that enabling services such as WDR should be encouraged.

In the context of WDR, we would consider endorsement of an application in the same spirit as a connection agreement between the DNSP and a customer. This potentially leads to issues of ongoing responsibility to maintain that connection which we elaborate upon later in this submission.

A fair and considered endorsement process

ENA were pleased to see consideration of different options to incorporate DNSP endorsement. We thank AEMO for recognising the role that DNSPs play in maintaining their local distribution networks as well as the larger electricity system and the information they need in order to do so.

While the various options each have their own advantages and disadvantages, feedback from our members indicates strong support for Option 1: DNSP endorsement before application, at least in the initial implementation stages of WDR. Further consideration of Option 3: DNSPs raise exception may be warranted once we reach an operational 'steady state' and we gain greater confidence in the process.

To support an accurate assessment of proposed WDR applications, basic information including the size, ramp-rate and participating NMI of the application should be provided to the local DNSP for consideration. This will provide DNSPs with the information they need to assess and mitigate against potential impacts that WDR could have on other customers.

ENA and our members also recognise the sensitive commercial aspects of these types of applications and propose to treat them in a similar fashion to large generation proponents where there are often competing commercial interests which the DNSP must manage fairly, confidentially and on a first come, first served basis. While this can be a difficult and resource-intensive task, it has proven to be an effective mechanism to generator proponents that DNSPs can adapt into a simpler form for DRSPs.

DNSPs seek to mitigate poor customer outcomes by offering to engage with DRSPs to provide a level of transparency and evidence of the assessment that is practical and agreeable to both parties.

Ongoing commitment to maintain connection

DNSPs consider endorsement of a WDR application as part of the evolving nature of how our networks are used and an important step towards increasing flexibility. In practice, this means there might be ongoing obligations/expectations that the DNSP must continue to provide capacity until the agreement expires or is changed by the customer.

Hypothetically, if the endorsement of a WDR application required further DNSP investment above existing plans, this would affect the way DNSP investment is allocated as a whole. This is a challenge that we would like to discuss further with all relevant stakeholders.

We thank AEMO for its engagement on this matter and look forward to further discussions with all WDR participants to address these issues.

Should you have any queries on this response please feel free to contact Dor Son Tan, Head of Distribution at dstan@energynetworks.com.au.

Yours sincerely,

A handwritten signature in blue ink that reads "A. Dillon".

Andrew Dillon
Chief Executive Officer