



AEMO DER MASS consultation response by Members Energy

Background

Members Energy commends AEMO for this thorough consultation and for the VPP demonstration project preceding it. We believe this visionary yet practical work is required to facilitate the energy transition with a minimum of consumer disruption.

Members Energy co-founders, David Rogers and Leon Siebel, chair, Rod Woolley, and VPP strategic planner, Geoff Lamb, have extensive experience in this industry.

- From 2009-2014 Leon Siebel was a founding member and the key sales growth strategist behind Australia's largest residential PV solar company, True Value Solar. These results eventually converted to a full acquisition of True Value Solar by the German powerhouse M+W Group. He is the current co-founder and Head of Communications at Solar SG and Members Energy.
- David Rogers operated Australia's largest solar PV installation contracting company and was an exclusive internal installation service provider to True Value Solar managing over 100 PV Solar installers nationally, at peak installing over 150 systems per day. He is the current co-founder and Head of Operations at Solar SG and Members Energy.
- Rod Woolley has over 30 years' experience in senior roles, with the past 15 years being in energy efficiency and renewable energy management and policy. He is the current chair of Solar SG and related companies.
- Geoff Lamb has over 40 years' experience spanning heavy industry, electricity generator maintenance, government policy and program delivery, and energy efficiency scheme regulation and delivery.
- Members Energy currently employs 9 full time equivalent staff and its sister company, Solar SG, employs over 68 full time equivalent staff.

The Members Energy VPP currently has over 2200 customers across the NEM (excluding the Ergon region), including around 900 currently enrolled in the AEMO VPP demonstration project across NSW and Vic - equating to 1 MW of capacity in each state.

We continue to enrol new customers at the rate of 100 per month nationally. We currently have two battery technology brands enrolled in the AEMO VPP demonstration and three in our VPP more broadly.

We believe our VPP model is an excellent example of the way this industry will grow. With multiple enrolments across the most populous states, multiple battery technologies (with plans to add more DER), and an organisation structure including multiple consortium

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partners rather than a single organisation, we believe we embody a low risk, sustainable, diverse, competition rich model for the future VPP industry.

Submission

This submission is for the DER MASS review component of the consultation only.

In summary, we believe the current draft determination is overly conservative in its settings for VPPs, both existing (part of the VPP demonstration trial) and new entrants. We believe this runs the risk that the VPP industry's growth will be retarded at a time when it should be nurtured. This, in turn, risks VPPs withdrawing from the FCAS market and, therefore, becoming invisible to AEMO and DNSPs while they pivot their business models to demand response offerings.

We believe demand response will become increasingly important to VPPs, AEMO and DNSPs in the coming years, particularly as electric vehicle charging grows. If existing VPPs have disconnected from AEMO due to unnecessarily expensive technical requirements now, AEMO will need to reconnect with them in the future or risk their demand response activities remaining invisible. Providing greater support to the fledgling VPP industry now, via measured technical requirements for FCAS participation, avoids this possible disconnection and subsequent reconnection – a much preferable scenario for all stakeholders.

In summary the draft determination provides for:

- 200 ms measurement
- Measured 'at or close to' connection point
- Transition period:
 - can backfill churnout up to present limit of registration
 - transition period ends 30 June 2023
 - 5% discount for measurement frequency above 200 ms
 - no new entrants on transition requirements (they must meet ongoing requirements).

As detailed in our August submission, 200 ms is not currently achievable by our fleet, although we believe we could meet that requirement by the end of the transition period. Similarly, the requirement for measurement at or close to the connection point and the proposed transition requirements are all, considered separately, achievable in due course.

Our concern is that the overall package is likely too expensive to warrant participation, given the current levels of FCAS revenue (outside of South Australia). We believe the overall package needs to be softened and extended; perhaps with the transition period ending a year later, participants allowed to expand their fleets beyond their current registration and new VPP entrants being allowed to meet the transition arrangements rather than the ongoing MASS requirements. This would allow:

- the increased cost of the more stringent technical requirements to be reduced slightly by ongoing technological development and increased manufacturing volumes



- time for VPPs to add demand response to their offerings to customers thus preserving profitability in the current volatile environment for FCAS revenues
- time for AEMO and state based regulators to offer residential demand response revenue opportunities to aggregators/VPPs to supplement FCAS revenues
- all while maintaining the existing connection between AEMO and VPPs, thus avoiding the upheaval and network risk associated with VPPs severing that connection with AEMO and then needing to re-establish it again in the future.

Our suggestions above are based on our support for the technical arguments our technology partner, Evergen, will make to you in a separate submission, especially in relation to under-damped oscillatory behaviour. We support their contention that AEMO's concerns in relation to this issue are overstated, that 1 sec measurement is adequate in practice and that 200 ms is unnecessarily risk averse and will, in practice, increase the long term risk to AEMO as described above.

This third submission to the MASS review process essentially reiterates the contents of our second submission last August. So, we draw your attention to that submission rather than repeating its technical contents here.

In summary, drawing on our expertise in the VPP space relating to marketing and overall management of our VPP, we believe AEMO's current draft determination is too technically risk averse and runs the significant commercial risk of decreasing visibility of distributed energy resources by driving VPPs away from their current connections, both technical and commercial, with AEMO. As electric vehicle charging increases its impact on the network in the future, this commercial risk will have significant technical implications for AEMO's management of the network. While these future risks could be mitigated by network control means at that time, essentially curtailment, to do so would threaten the social licence AEMO has built up through the VPP demonstration. We believe a strategy which lowers overall risk for AEMO would be to have a slightly increased technical risk appetite now, by softening the current draft determination and extending the transition period, resulting in significantly lower overall risk in the future by maintaining and increasing AEMO's visibility of DER in a way which values residential consumers' contributions throughout the energy transition.

We are happy to discuss our submission at your convenience.

Kind regards,

Geoff Lamb, Strategic planning coordinator for

David Rogers, Co-founder and Director of Operations

18 November 2021