

2 November 2023

Ms Dora Guzeleva
Director, Wholesale Markets
Energy Policy WA
Email: energymarkets@dmirs.wa.gov.au

Dear Ms Guzeleva,

Consultation Paper – Demand Side Response Review

The Australian Energy Market Operator (AEMO) welcomes the opportunity to provide a submission on the Demand Side Response (DSR) Review Consultation Paper.

Energy Policy WA has requested feedback on twelve proposals, which are aimed at ensuring that DSR has adequate incentives to participate in the Wholesale Electricity Market (WEM). AEMO supports the DSR Review and is generally supportive of the proposals.

Attachment 1 outlines AEMO's high-level comments on each proposal, which includes recommendations for consideration when finalising the detailed design and drafting amending WEM Rules. In particular, AEMO considers that its discretion should be retained in matters relating to the management of power system security and reliability, including in determining when a hybrid Facility will be required to register as a Scheduled Facility.

AEMO also considers that key elements of some of the proposals could be effectively addressed within a WEM Procedure (rather than directly in the WEM Rules), to provide for the appropriate level of detail and flexibility to accommodate emerging capabilities.

AEMO looks forward to continuing to work with Energy Policy WA and industry on the detailed design of the proposals and subsequent changes to the WEM Rules and the Metering Code.

If you would like to discuss any matters raised in this submission, please contact Mena Gilchrist at mena.gilchrist@aemo.com.au.

Yours sincerely,



Kate Ryan

Executive General Manager – Western Australia & Strategy

Attachment 1: AEMO's response to the DSR Review Consultation Paper Proposals

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DSR Review Proposals	AEMO comments and questions
<i>Proposal 1 – Integrating constrained access for loads into the WEM Rules</i>	
<p>1. Do stakeholders support integrating constrained access loads in the WEM and the WEM Rules?</p>	<ul style="list-style-type: none"> AEMO supports the broad proposal for defining the parameters for the connection of constrained access loads under the WEM Rules. In progressing the detail, AEMO requests consideration is given to ensure that the WEM Rules empower AEMO to obtain the relevant data from Western Power and to use this in relevant market processes (e.g., the Reserve Capacity Mechanism and PASA processes). AEMO recommends developing case studies to identify any limitations that might impact on compliance for a Load participating in the Real-Time Market (RTM).
<p>2. Are there any circumstances in which it would not be efficient or practical to integrate constrained access loads into the WEM Rules?</p>	<ul style="list-style-type: none"> AEMO notes that any integration between Western Power and AEMO’s SCADA systems to facilitate the proposal may result in costs. EPWA may wish for these costs to be assessed for economic efficiency.
<i>Proposal 2 – Registration of hybrid Facilities</i>	
<p>3. Do stakeholders support providing clarity in the WEM Rules regarding the registration requirements applying to a hybrid Facility comprising a Load and an ESR component?</p>	<ul style="list-style-type: none"> AEMO considers that it is essential for AEMO retain the ability to decide, based on power system security and reliability requirements, that a hybrid Facility (comprising of a Load and an Electric Storage Resource) must register as a Scheduled Facility. AEMO considers that operability (i.e., dispatchability and response measurement) should form part of registration requirements.

Proposal 3 – Flexibility for hybrid Facilities

4. Do stakeholders support providing the option for hybrid Facilities to install settlement grade sub-meters?

- AEMO supports this proposal but notes there are many complexities that will need to be considered in the detailed design, including:
 - Western Power’s ability to deploy sub-metering within a customer’s site, including access, standards, and management of network outages.
 - The issue of ‘device’ versus ‘connection point’ (which has been explored in the Project Symphony).
 - What limitations (if any) should apply to hybrid Facilities with asset-level metering, particularly for multiple-trading relationships.
 - The potential application of the model to DER Aggregators and non-contestable customers.
- AEMO further notes some requirements or restrictions relating to sub-metering may need to be included for different registration configurations, and the WEM Rules or associated WEM Procedures should address this.

Proposal 4 – DSR participation based on ex-ante X of Y methodology

5. Do stakeholders agree that an ex-ante ‘X of Y’ methodology incorporating a ‘day of adjustment’ is an appropriate baseline design for DSP participation?

- AEMO supports the proposal and suggests the use of the 10-of-10 methodology – for alignment with the Wholesale Demand Response and Reliability and Emergency Reserve Trader mechanisms in the National Electricity Market. AEMO is also open to variations which may result in better outcomes or reduced opportunity for gaming.
- AEMO further notes that consideration should be given to how the Y days are selected. For example, whether it includes weekdays only; weekdays/weekends depending on the day of dispatch; no distinction; whether public holidays are included; and whether Market Participants be allowed to request specific days be excluded (on the basis maintenance activities).

Proposal 5 – no change to SRC mechanism

6. Do stakeholders agree that the existing framework of the SRC mechanism already provides effective incentives for DSR participation?

- AEMO supports the proposal.

Proposal 6 – Amendments to the Metering Code	
<p>7. Do stakeholders support amending the Metering Code so Western Power must share data (which AEMO shall keep confidential) with AEMO upon request?</p>	<ul style="list-style-type: none"> • AEMO supports this proposal and notes there should be clarity around how metering data is shared, as well as a specific obligation on Western Power to provide the data AEMO requires to fulfil its functions. If the data sharing process is not automated, this may result in operational challenges resulting from manual processing and human error. • AEMO proposes that EPWA considers amending section 3.2 of the Metering Code, to require Western Power to remove a meter from the <i>deemed accumulation meter list</i> if requested by AEMO. This will enable the metering data requested by AEMO to be shared in an operationally efficient manner.
Proposal 7 – Remove barriers to Short-Term Energy Market (STEM) participation	
<p>8. Do stakeholders agree that DSR should be allowed to directly participate in the STEM?</p>	<ul style="list-style-type: none"> • AEMO has not identified any barriers in the current market that would prevent DSR participation in the STEM. Participation in the STEM is on a participant level, not Facility, and is on the basis on registration and not technology (i.e. a participant with a registered DSP or Intermittent Load can already participate in the STEM).
Proposal 8 – no change to DSP participation in the RTM	
<p>9. Do stakeholders agree that there is no need or benefit that would justify changes to DSP participation in the RTM?</p>	<ul style="list-style-type: none"> • AEMO supports the proposal.
Proposal 9 – no change to flexible loads participation in the RTM	
<p>10. Do stakeholders agree that the Real-Time Market has sufficient opportunity for DSR participation?</p>	<ul style="list-style-type: none"> • AEMO supports the proposal.
Proposal 10 – no change to introduce minimum demand service	
<p>11. Do stakeholders agree that no changes should be made to introduce a minimum demand service at this time?</p>	<ul style="list-style-type: none"> • AEMO supports the proposal.

Proposal 11 – review of limitations for providing Essential System Services (ESS)

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| <p>12. Do stakeholders agree that there may be potential barriers to the participation of DSR in the ESS markets?</p> | <ul style="list-style-type: none"> • AEMO agrees that the WEM Rules should be reviewed and that updates may be required to enable the full participation of DSR in the ESS. |
| <p>13. Do stakeholders agree that the size and potential technical limitations (such as the telemetry requirements) for providing ESS should be re-examined?</p> | <ul style="list-style-type: none"> • AEMO generally supports a review of the barriers and requirements but notes that telemetry requirements for receipt of signals and sending of data need to be sufficient to ensure power system security and reliability is maintained. This may include limiting the amount of a specific ESS that can be provided under an alternative telemetry system. • Importantly, AEMO considers that ESS participation requirements and technical limitations including telemetry standards should continue to be specified in WEM Procedures. This will ensure specification can be made at the engineering level and will provide for appropriate flexibility to accommodate emerging capabilities (such as DER capability). |

Proposal 12 – no changes to registration of DSR as both Interruptible Load and a DSP

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| <p>14. Do stakeholders agree that no changes are required to the ability of DSR to simultaneously participate as a DSP and as an Interruptible Load providing ESS?</p> | <ul style="list-style-type: none"> • AEMO supports the proposal that no changes are required in relation to the simultaneous participation of a load as a DSP and a Contingency Raise provider. • AEMO considers that the methodology for “rotation” of DSP dispatch should not be formally defined, but if it is to be formally defined then it should be specified in a WEM Procedure rather than the WEM Rules. This should allow sufficient flexibility to account for power system security and reliability conditions on the system at the time of dispatch. |
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