

23 April 2020

Mr Ben Barr
Chief Executive
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Electronic Lodgement

Second Draft Rule Determination Australian Energy Market Commission (AEMC)'s Wholesale Demand Response Mechanisms - ERC0247

Dear Mr Barr,

Energy Networks Australia are pleased to have the opportunity to make this submission in response to the AEMC's Second Draft Determination Wholesale Demand Management Mechanism (WDRM).

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 are supportive of efforts to simplify the proposed rules and for the efficient and transparent inclusion of demand response in the electricity market.

Progress toward a two-sided market

On page 154 of the Second Draft Determination the AEMC indicated that over time the market should move toward a two-sided market. Indeed, there are many references to the transition to a two-sided market in the draft determination, and the Energy Security Boards work through its 2025 market design process. It is now understood, through the Council of Australian Governments Energy Council (COAG EC) Communique, that a 2-sided market design is to be presented to COAG EC in late 2020.

We stress the importance of holistically considering the dependency of market design options on compatibility with current network operations in 2025 market design exercises.

Network operations

Throughout the review, various submissions have noted the need for consideration of how network operations may need to adapt to demand side participation in the energy market. Energy Networks Australia made the point in its 15 January 2019 submission into the initial consultation paper:

The consultation paper appears to have little consideration for networks' need to monitor, manage and report on network constraints. Energy Networks Australia recommends that any proposed mechanism consider the impacts of load switching on networks, including influences on power quality and reliability.

In response to the Commission's first Draft Determination, several submissions noted the implications for networks and for operation of load shedding schemes.

The Energy Networks Australia believe that both Distribution Network Service Providers and Transmission Network Service Providers require visibility on the location and activity of demand response (where relevant to their networks).

If the network does not at least have visibility of a large customer's intention to reduce demand in a particular dispatch interval, this could impact planned load shedding activities in the event this is required.

This lack of visibility will introduce new coordination issues and is likely to impact distribution level voltage and controlled load switching and the switching of transmission assets resulting in increased reliability problems for both networks and customers. It is not clear from the determination why this information cannot be shared with networks.

We look forward to working further with the commission 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