

Mr. John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

31 May 2018

Dear Mr. Pierce,

Response from EnerNOC to the Commission's **Reinstatement of the long notice Reliability and Emergency Reserve Trader** Consultation Paper dated 26 April 2018 (ERC0238).

EnerNOC is supportive of the Australian Energy Market Operator's (AEMO's) proposed rule change to reinstate the Long Notice Reliability and Emergency Reserve Trader (RERT) mechanism, and for the rule change to be expedited and treated as an 'urgent rule'. AEMO's recent Summer Operations Report has highlighted the valuable role RERT played over summer 2017-18, helping to avoid elevated Lack of Reserve levels and to mitigate the risk of involuntary load shedding on several occasions in Victoria<sup>1</sup>.

The lead time AEMO has to procure reserves is the most important factor in determining whether the procurement will be successful – that is, whether or not AEMO will be able to procure a sufficient quantity of suitable resources that represent value for money for consumers. The current 10 week procurement window is too short for AEMO to procure suitable resources – the single most effective change that could be made to the existing RERT mechanism would be to provide AEMO with the option of contracting with longer lead time.

As an example - in the recent 2017-18 RERT tender, AEMO initiated the RERT procurement process by issuing a Request for Expression of Interest process in May 2017<sup>2</sup> (i.e. five months prior to the requested resource availability start date of 1 November 2017), and EnerNOC worked closely and effectively with AEMO to agree to suitable operational and commercial contract terms. Despite this close coordination, EnerNOC only received a signed reserves contract from AEMO on 23 October 2017, which obliged us to have a minimum quantity of reserve available on 1 November 2017 (i.e. seven days later). This extremely short timeframe required EnerNOC to begin developing reserves speculatively before we had any certainty AEMO would proceed with an agreement, and it severely limited the total quantity of reserve we were able to make available to AEMO. Even a five month procurement window represents an extreme challenge for developers of greenfield demand response resources like EnerNOC. EnerNOC is unlikely to be able to participate in any 10 week reserves procurement AEMO might undertake in the future under the Medium Notice RERT.

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<sup>1</sup> Australian Energy Market Operator, *Summer 2017-18 operations review*, May 2018, p34, accessed 31 May 2018

<sup>2</sup> The initial EOI submission deadline was 7 July 2017

For these reasons, we recommend that the AEMC approve AEMO's rule change request in expedited fashion. Please get in touch if EnerNOC can provide further input to the AEMC's consideration of this rule change.

Regards,

[signed]

Matt Grover  
Manager, Market Development