ENM SOLUTIONS

Submission

Australian Energy Market Commission (AEMC)

Unlocking CER Benefits through Flexible Trading

May 2024

Response to Consultation Note

ENM Solutions welcomes the opportunity to provide feedback on the proposed adjustment to the Australian Energy Market Commission's (AEMC) recent Draft Rule Determination, pertaining to Unlocking CER benefits through flexible trading.

About us

ENM Solutions was one of the first Australian Energy Market Operator (AEMO) accredited Embedded Network Managers (ENM). We have been operating throughout the National Electricity Market (NEM) since the role's inception back in 2017, with background in Embedded Networks going back more than 10 years.

We specialise in the ENM function, and we do not provide any billing or operator services. We do however provide a range of additional services for Embedded Network clients, including meter reading, consulting, feasibility, renewable energy strategies and compliance audits.

ENM Solutions is the largest independent providers of the ENM service, with our clients ranging a variety of activity classes, including those utilising Embedded Networks to access Small Generation Aggregation (SGA) opportunities.

Outcome from Draft Determination.

The original draft determination outlined that Distributors should provide for the NMI creation role in the proposed use of secondary connection points for flexible trading arrangements, in response to AEMO's proposed use of a new market role for NMI Service Providers. This draft determination outlined that the need for energy flow data and existing requirement for NMI creation at the network connection point, suited their position in the market; opting not to pursue the creation of a new market role and the NMI Service Provider.

Response to Consultation Note and Proposed Change to Draft Determination

1. Existing use of the ENM Function for Secondary Settlement Points (child connection points)

ENM Solutions has created NMI's for end customers in multiple activity classes and as with most ENM's, have systems in place alongside AEMO's checks to ensure that these NMI's are created and maintained accurately. This process by nature involves engagement with the Financially Responsible Market Participants (FRMPs), Exempt Embedded Network Service Provider (EENSP) at the site and on occasion, the end customer. Outside of the NMI creation and maintenance service, the use of the Embedded framework requires engagement with distributors who are already at capacity to manage these requests within a timely manner. It has not been uncommon for Embedded Network Code's to take up to 12months to be created, impacting the end customer's ability to access the market. This process already involves the engagement of a second FRMP at the site and arguably in many cases where a large customer has utilised this framework to access the market, the requirements to categorise these sites under the existing regulatory framework does not apply. There is often (as is required in this proposal) no second customer (third party) at the site, and thus may not meet the burden of a private distribution network supplying to a third party.

This consideration is particularly pertinent to the proposed restriction for large customers, as in the definition of the National Energy Retail Law (NERL) to access multiple FRMPs at the secondary settlement point. There are a range of existing embedded network scenarios that would be far better suited to this arrangement involving customers who would not meet this requirement. Scenarios involving businesses and commercial settings, whose configuration lends itself to use of flexible trading, but would not meet the energy usage requirements. The proposed introduction of the NMI Service Provider role to mirror the functions we currently provide in these scenarios, appears to be logical and better fit than the existing arrangements and one we would be willing and able to support.

2. Transitional arrangements should be optional for existing ENM's.

We agree with the proposals approach that this should be a voluntary option for Embedded Network Managers to opt in to taking on. Having already met the required criteria, if this is to be carried over, this would reduce the administrative burden for AEMO who can simply canvas the existing accredited ENM's and request their expression of interest to take on the role. Over time, the interaction with the market has changed and not all accredited ENM's are likely to be either positioned, interested or set up with their systems to want to take on this requirement. Further questions for these participants may include whether this would carry additional registrant fees, auditing requirements and/or separate MSATS logins to perform the required tasks in MSATS? Only recently the information that ENM's could obtain from MSATS was reduced, where this could result in an expansion of their access and ability to issue change requests. The potential for separate participants access credentials and user access rights would need to be considered.

3. Appointment Scenarios & NMI Maintenance

Given the potential expansion provided for by Energeia, the uptake of secondary connection points due to the loss of both a time and administrative burden through existing distributor processes may be substantial. With the NMI Service provider role becoming the responsibility of the FRMP at this secondary settlement point, a change in who that FRMP is would not halt the NMI maintenance obligations of the NMI Service Provider at that settlement point. Therefore, a question arises around whether large customers utilising a secondary settlement point at their site, much like in the case of Embedded Networks, should bear the cost of being able to access this benefit. This would ensure that the NMI maintenance requirements upon creation are stable and FRMP's can switch without issue, as is the case for child connection points.

In situations where small customers are involved, this seems less clear. Is it reasonable for a small customer to bear the cost of accessing the benefit? How would this arrangement occur? Commercial arrangements between individual small customers may require a potential for early appointment by FRMPs who intend to provide this service at scale, with costs born by the FRMP for the duration to which their NMI SP is appointed to that NMI.

4. Secondary settlement points as grandchild NMIs

Within the National Electricity Market (NEM) operation of Embedded Networks, there are scenarios involving embedded networks within embedded networks and potential small or large customers that would benefit from flexible trading involvement. Through this ruling, would the Commission interpret a child connection point could possess its own Secondary Settlement point, whereby at their connection point there is no other customer? Would this be applicable only for on-market child connections or would private meters and off-market customers be able to access this through a secondary settlement point?

Similarly, could a large customer with their own embedded network behind an initial parent meter look to engage in this activity if meeting all other requirements? Arguably behind their own parent connection point there is no other customer, despite that they themselves are a customer.

Summary

Based on AEMO's proposed outline of the role with similar requirements to the existing ENM role, ENM Solutions is supportive of the path proposed and is well positioned to continue to provide these NMI creation and maintenance services. Given that we already provide NMI maintenance and creation services for small and large customers, including SGA scenarios, we are aware of the different challenges and can support taking on additional business models and innovative solutions for secondary settlement point opportunities.