



1 November 2024

Ashwin Raj
Senior Advisor
Australian Energy Market Commission
Ashwin.Raj@aemc.gov.au

24-28 Campbell St
Sydney NSW 2000
All mail to
GPO Box 4009
Sydney NSW 2001
T +61 2 131 525
ausgrid.com.au

Dear Mr Raj

Ausgrid response re Improving Consideration of Demand-Side Factors in the ISP

Ausgrid is pleased to provide this submission to the Australian Energy Market Commission (**AEMC**) in response to its draft determination to improve consideration of demand-side factors in the Integrated System Plan (**ISP**).

Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometres from the Sydney CBD to the Upper Hunter.

We support the more preferable draft rule proposed by the AEMC in its draft determination. Distribution Network Service Providers (**DNSPs**) can help facilitate opportunities such as customer energy resources (**CER**), community batteries, renewable generation, and electric vehicles (**EVs**) that will reduce the time, cost, risk and community impact of Australia's energy transition. Capturing these opportunities through a demand-side factors statement in the ISP is an appropriate expansion for this whole-of-system plan to optimise the investments needed to transition to net zero. We also agree with comments by the AEMC in its draft determination that the new statement will result in a more robust Optimal Development Pathway (**ODP**).

We propose some minor amendments to the draft rule, set out below, for the AEMC to consider ahead of finalising its final determination in December.

We support genuine, ongoing and transparent consultation on the Information Guidelines

In our submission to the AEMC's Consultation Paper on 18 July, we advocated for the proposed Demand Side Factors Information Guidelines (**the Guidelines**) to be co-designed between the Australian Energy Market Operator (**AEMO**) and DNSPs. We note the AEMC's views that enshrining a co-design process in the National Electricity Rules (**NER**) does not represent good regulatory practice as the obligation to develop the Guidelines needs to sit clearly within a single entity. We also note the AEMC considers that, in practice, a working group would likely be established by AEMO to support development of the Guidelines.

We welcome the specific obligations on AEMO to consult with DNSPs on the costs and benefits of preparing and providing information. However, Ausgrid does not consider the *standard rules consultation procedure* appropriate to ensure the level of collaboration between AEMO and DNSPs that will be required. If a co-design process is not considered practical, we recommend the AEMC consider an additional clause to require the establishment of a Working Group comprised of AEMO,

Connecting communities,
empowering lives

DNSPs and the Australian Energy Regulator (**AER**) to provide a clear obligation and greater certainty for DNSPs about how AEMO will develop the Guidelines.

In addition, Ausgrid considers it would be appropriate to explicitly require AEMO, in the development of final Guidelines, to publish an explanation of how the feedback received from stakeholders was used (or an explanation as to why feedback was not adopted). This requirement would go further than the current language in the *standard rules consultation procedure* at clause 8.9.1(f) in the NER, which requires consulting parties to publish a “response to material issues”.

Rules around transparency requirements should be principles-based and seek to reduce the risk of misinterpretation

Ausgrid supports the AEMC taking a principles-based approach to this more preferable draft rule. This approach provides much needed flexibility for AEMO and DNSPs with regards to information requirements and processes. We particularly note draft clause 5.22.6A(h)(1), which allows for the Guidelines to set out different categories of information for DNSPs to provide, depending on their circumstances.

While we agree with the AEMC’s decision to promote transparency through an obligation on DNSPs and AEMO to publish data not subject to commercial or security sensitivities, we consider the drafting could be amended so that it is more consistent with the principles-based approach otherwise taken.

As raised in our 18 July submission, Ausgrid considers there is a misalignment between the data required for the ISP and the role of a DNSP’s Distribution Annual Planning Report (**DAPR**). For example, DNSPs are required to prepare the DAPRs annually with a five-year planning horizon¹, while the ISP is released every second year with a planning horizon of at least 20 years². Given the draft rule empowers AEMO to specify the form and timing of required information, mandating DNSPs to re-publish this information in their DAPRs³ each year may create confusion for stakeholders.

We recommend the AEMC consider whether a general obligation in the rules for DNSP to make provided data publicly available is more appropriate. We are actively working with Endeavour Energy and Essential Energy on longer term distribution system planning for NSW. A principles-based rule would allow flexibility for the process of republishing data to change over time, should this collaboration result in a more appropriate instrument.

Further, we recommend that safeguards around the requirement for AEMO to publish underlying demand side factors data in the ISP database⁴ be added, to reduce the risk that DNSP supplied data is misinterpreted. An additional clause in the proposed draft rule, requiring AEMO to provide a draft of their database to DNSPs for review within a reasonable timeframe, would ensure the data published remains consistent with the original data supplied by DNSPs.

Ausgrid welcomes the opportunity to discuss our submission further ahead of AEMC’s final determination. Please contact Emma Vlatko, Senior Policy Advisor, at Emma.Vlatko@ausgrid.com.au for further details.

Regards,



Tim Jarratt
Group Executive Market Development & Strategy

¹ Cls 5.12.2 and 5.13.2, National Electricity Rules

² Cl 5.22.2 Ibid.

³ Cl 5.22.6A(g)(2) Draft National Electricity Amendment (Improving Consideration of demand side factors in the ISP) Rule 2024 No. X

⁴ cl 5.22.6A(c)(4) Ibid.