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ERC0396 Rule change team  
AEMC

Submitted via AEMC web portal

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Dear Ashwin

**RE: Improving consideration of demand side factors in the Integrated System Plan ERC0396**

Thank you for the opportunity to provide feedback on the *'Improving consideration of demand side factors in the Integrated System Plan'* Rule change Draft Determination.

Enel X operates Australia's largest dispatchable virtual power plant.<sup>1</sup> We work with commercial and industrial energy users to activate demand-side flexibility and offer it into the National Electricity Market (NEM) energy and ancillary services markets, the Wholesale Demand Response Mechanism (WDRM), the Reliability and Emergency Reserve Trader (RERT) mechanism, and to network businesses. Enel X is the first Demand Response Service Provider (DRSP) registered for wholesale demand response.

Enel X appreciates the Commission's time and effort in examining the potential for improved consideration of demand side factors in preparation of the Integrated Systems Plan (ISP). Enel X is deeply committed to promoting a vibrant market for demand side response and has invested considerable resources in building a portfolio to support reliability and security in the NEM. Enel X encourage the Commission to continue to advocate the critical role that demand side flexibility plays in reducing overall system costs, improving reliability, and achieving at pace, a secure, low-emission energy supply for all.

The rapid transition to variable renewables-based energy sources has created an acute need for rapidly deployable firming capacity and improved 'in-market' resource visibility to support security and reliability needs of the NEM. Distributed Energy Resources (DER) that have been enabled to provide Frequency Control Ancillary Services (FCAS), enrolled in the Wholesale Demand Response Mechanism (WDRM), or contracted to provide services to the Reliability and Reserve Trader (RERT) and Interim Reliability Reserves (IRR) mechanisms make a significant contribution to managing security and reliability risks. Enel X support the Commission's Draft Determination requiring the Australian Energy Market Operator (AEMO) to identify and forecast how demand-side factors affect the efficient development of the power system.

The ability for innovation in DER and demand side flexibility to rapidly reshape the efficient development of the NEM justifies a broad and flexible definition of demand-side factors that can encompass new demand side developments.

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<sup>1</sup> Per AEMO Registrations

Enel X's perspective is informed by our experience as a NEM WDRM and FCAS participant, demand response provider in Western Australia and in multiple international markets. In Enel X's experience, large energy users are more likely to deploy DER and incorporate mechanisms that orchestrate output if the process of interaction with DNSP's is 'frictionless' as possible.

Enel X are mindful of the onus placed on DNSPs' as a source of data, and are wary that DNSPs may place further connection or reporting obligations on industrial DER. Enel X support the Commission's Draft Determination that AEMO should use a range of information sources when developing the demand side factors statement. Enel X believe engaging with a broader range of demand-side representatives including industry bodies, aggregators, and retailers will deliver efficiencies in data collection and provide for an overall more robust forecast.

In recognition that demand-side knowledge and expertise may come from diverse sources, and the need to ensure cost efficient collection of data, Enel X support the Commission's view that AEMO's consultative working groups developing information guidelines should be expanded to include the AER and other interested stakeholders.

We would be happy to elaborate on any of our comments with the Commission. If you have any questions or would like to discuss this submission further, please do not hesitate to contact me.

Kind Regards,

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