

6 November 2024

Ashwin Raj
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Dear Ashwin

Re: Improving consideration of demand-side factors in the ISP (ERC0396)

TasNetworks appreciates the opportunity to provide comments in response to the Australian Energy Market Commission's (**AEMC**) draft determination and more-preferable draft rule to improve the Australian Energy Market Operator's (**AEMO**) consideration of demand side factors in the Integrated System Plan (**ISP**). As the operator of both the transmission and distribution networks in Tasmania, TasNetworks is supportive of the intent behind the Minister for Climate Change and Energy's rule change request and of greater consideration being given to distribution network factors by AEMO when developing the ISP.

One of the objectives of the draft determination and draft rule is to ensure a consistent approach to gathering network, Consumer Energy Resource (**CER**) and distributed resources data from Distribution Network Service Providers (**DNSPs**). To that end, the draft rule seeks to place an obligation on DNSPs to provide information to AEMO in accordance with an information guideline to be developed by AEMO. Under the proposed draft rule it will be *mandatory* for DNSPs to provide the information set out in AEMO's guideline.

TasNetworks notes that the need to gather performance and capability data about a distribution network, as well as the CER connected to it, will vary according to individual networks' circumstances. As a result, there are likely to be varying degrees of maturity amongst DNSPs in terms of things like low-voltage (**LV**) network visibility, as well as their implementation of measures such as flexible export limits and demand management solutions.

Tasmania has lower levels of photo-voltaic solar panel installation, and CER in general, than in many other parts of the National Electricity Market (**NEM**). This means that to date there has not been the same imperative for TasNetworks to capture granular network performance data and information about CER that some other DNSPs are already collecting.

Similarly, TasNetworks is yet to implement two-way network pricing, dynamic operating envelopes or flexible export limits because, currently, the benefits for consumers are unlikely to outweigh the significant cost of doing so.

Without yet knowing the information that AEMO is likely to require from DNSPs, TasNetworks is concerned that we may not be collecting, and may be unable to provide, some of the information that the rule change seeks to be made available to AEMO, without investing in new or upgraded systems and processes. A mandatory obligation to provide the information prescribed in an AEMO guideline could, therefore, impose potentially significant costs on some DNSPs and, by extension, their customers, potentially requiring them to gather data for which there may not otherwise be a business-case.

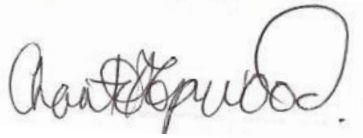
The draft rule does include a requirement that AEMO work with DNSPs to weigh up the costs and benefits of any new/additional information requirements, which is intended to minimise implementation costs and complexity. The draft determination also talks about requiring AEMO to “have regard to the efficient cost of DNSPs complying with information requests compared to the expected benefits”, to ensure that any costs associated with DNSPs providing information in the required format or via the required mechanism are taken into account “to avoid inefficient costs being passed through to consumers.”

From this, it would appear that the AEMC is anticipating that there may be additional costs to DNSPs in complying with the draft rule and TasNetworks welcomes the draft determination and draft rule’s focus on limiting those costs. Nonetheless, if the analysis of costs and benefits undertaken by AEMO is not contextual, and is performed in aggregate at a NEM level, despite the aforementioned provisions aimed at limiting DNSP’s costs it is likely that some DNSPs will be forced to incur significant expenditure to uplift their capacity to gather network and CER-related data, even if the benefits for those networks may not justify the cost.

The draft rule does state that DNSPs will only be required to provide information which is “in the possession or control of the Distribution Network Service Provider or that is based on information in its possession or control”. Again, however, TasNetworks is uncertain about the extent to which this provision might be relied on by a DNSP if it is unable to supply information to AEMO which, under the proposed rule, it would be mandatory to provide. TasNetworks is of the view, therefore, that the final determination and rule should provide clarity regarding the circumstances in which DNSPs will not be required to provide the information sought under AEMO’s guideline. This is of particular importance given the AEMC’s intent that the information guidelines should be in place in time to inform the 2026 ISP.

Once again, thank you for the opportunity to comment on the draft determination regarding the provision of data by DNSPs to support greater consideration of demand-side factors in the ISP. To discuss the views expressed in this letter please contact Chris Noye, Leader Regulation at Chris.Noye@TasNetworks.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Chantal Hopwood". The signature is written in a cursive style with a large, looped initial "C".

Chantal Hopwood
Head of Regulation