



National Electricity Amendment (Demand Response Mechanism and Ancillary Services Unbundling) Rule 2016 No. 10

under the National Electricity Law to the extent applied by:

- (a) the National Electricity (South Australia) Act 1996 of South Australia;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (d) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (e) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (f) the National Electricity (Victoria) Act 2005 of Victoria;
- (g) the National Electricity (Northern Territory)(National Uniform Legislation) Act 2015; and
- (h) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

John Pierce
Chairman
Australian Energy Market Commission

National Electricity Amendment (Demand Response Mechanism and Ancillary Services Unbundling) Rule 2016 No. 10

1 Title of Rule

This Rule is the *National Electricity Amendment (Demand Response Mechanism and Ancillary Services Unbundling) Rule 2016 No.10*.

2 Commencement

This Rule commences operation on 1 July 2017.

3 Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4 Savings and Transitional Amendments to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 2.

Schedule 1 Amendment to the National Electricity Rules

(Clause 3)

[1] New Clause 2.3AA Market Ancillary Service Provider

After clause 2.3A, insert:

2.3AA Market Ancillary Service Provider

2.3AA.1 Registration

- (a) A person must not engage in the activity of offering and providing *market ancillary services* in accordance with Chapter 3 as a *Market Ancillary Service Provider* unless that person is registered by AEMO as a *Market Ancillary Service Provider*.
- (b) To be eligible for registration as a *Market Ancillary Service Provider*, a person must:
 - (1) obtain the approval of AEMO to classify *market load connected to a transmission or distribution system* as a *market ancillary service* by:
 - (i) identifying units of *market load* under its ownership, operation or control;
 - (ii) demonstrating how *market load* identified in (i) are under its ownership, operation or control; and
 - (iii) demonstrating that the *market load* identified in (i) has the required equipment to be offered as a *market ancillary service*;
 - (2) satisfy AEMO that each *market load* referred to in subparagraph (1) will be capable of meeting or exceeding the relevant *performance standards* and specifications to AEMO's satisfaction.
- (c) A *Market Ancillary Service Provider* may classify the *market load* referred to in subparagraph (b)(1) as an *ancillary service load* in accordance with clause 2.3.5 where it has obtained the approval of AEMO to do so.
- (d) A *Market Ancillary Service Provider's* activities only relate to *market loads* it has classified (in its capacity as a *Market Ancillary Service Provider*) as *ancillary service loads*, and only while it is also registered with AEMO as a *Market Ancillary Service Provider*.

[2] Clause 2.3.1 Registration as a Customer

Omit clause 2.3.1(f) and substitute:

- (f) A *Market Customer* may classify one or more of its *market loads* as an *ancillary service load* in accordance with clause 2.3.5.

[3] Clause 2.3.5 Ancillary Services Load

Omit clause 2.3.5(a) and substitute:

- (a) If a *Market Ancillary Service Provider* or the *Market Customer* in respect of a *market load* wishes to use that *market load* to provide *market ancillary services* in accordance with Chapter 3, then the *Market Ancillary Service Provider* or *Market Customer* (as applicable) must apply to *AEMO* for approval to classify the *market load* as an *ancillary service load*.

[4] Clause 2.3.5 Ancillary Services Load

Omit clause 2.3.5(b) and substitute:

- (b) An application under paragraph (a) must be in the form prescribed by *AEMO* and:
 - (1) specify the *market ancillary services* which the *Market Ancillary Service Provider* or *Market Customer* (as applicable) wishes to provide using the relevant *market load*; and
 - (2) in the case of an application made by a *Market Ancillary Service Provider*, not be in respect of a *market load* that is a *scheduled load*.

[5] Clause 2.3.5 Ancillary Services Load

In clause 2.3.5(d), omit “the *Market Customer*” and substitute “the *Market Ancillary Service Provider* or *Market Customer* (as applicable)”.

[6] Clause 2.3.5 Ancillary Services Load

Omit clause 2.3.5(e) and substitute:

- (e) If *AEMO* is reasonably satisfied that:
 - (1) the *market load* is able to be used to provide the *market ancillary services* referred to in the application in accordance with the *market ancillary service specification*;
 - (1A) the *Market Ancillary Service Provider* or the *Market Customer* (as the case may be) has an arrangement with the *retail*

customer at the relevant *connection point* for the supply of *market ancillary services*; and

- (2) the *Market Ancillary Service Provider* or the *Market Customer* (as the case may be) has adequate communications and/or telemetry to support the issuing of *dispatch instructions* and the audit of responses,

then *AEMO* must approve the classification in respect of the particular *market ancillary services*.

[7] Clause 2.3.5 Ancillary Services Load

In clause 2.3.5(f), omit “*Market Customer*” and substitute “*Market Ancillary Service Provider* or *Market Customer* (as applicable)”.

[8] Clause 2.3.5 Ancillary Services Load

In clause 2.3.5(g), omit “*Market Customer*” and substitute “*Market Ancillary Service Provider* and *Market Customer* (as applicable)”.

[9] Clause 2.3.5 Ancillary Services Load

In clause 2.3.5(g)(4), omit “*Market Customer*” and substitute “*Market Ancillary Service Provider* or *Market Customer* (as applicable)”.

[10] Clause 2.3.5 Ancillary Services Load

In clause 2.3.5(h) and 2.3.5(i), omit “*Market Customer*” wherever appearing and substitute “*Market Ancillary Service Provider* or *Market Customer* (as applicable)”.

[11] Clause 2.3.5 Ancillary Services Load

After clause 2.3.5(i), insert:

- (j) A *Market Ancillary Service Provider* and *Market Customer* (as applicable) must immediately notify *AEMO* if a *market load* it has classified as an *ancillary service load* ceases to meet the requirements for classification under clause 2.3.5.

[12] Clause 2.4.1 Registration as a category of Market Participant

After clause 2.4.1(a)(1A), insert:

- (1B) *Market Ancillary Service Provider*;

[13] Clause 2.11.1 Development of Participant fee structure

In clause 2.11.1, omit clause (b)(5) and substitute:

- (5) the fixed component of *Participant fees* for a *Market Ancillary Services Provider* who is registered with *AEMO* solely for the purpose of providing *market ancillary services*, may be zero.

[14] Clause 2.12 Interpretation of References to Various Registered Participants

After clause 2.12(b)(1A), insert:

- (1B) a "*Market Ancillary Service Provider*" applies to a person registered as a "*Market Ancillary Service Provider*" only in so far as it is applicable to matters connected with the person's *ancillary service load*;

[15] Clause 2.12 Interpretation of References to Various Registered Participants

After clause 2.12(b)(7)(i1), insert:

- (i2) where that person is registered as a *Market Ancillary Service Provider*, in so far as it is applicable to matters connected with the person's *ancillary service load*; and

[16] Clause 3.8.3 Bid and offer aggregation guidelines

Omit clause 3.8.3(a1) and substitute:

- (a1) *Market Customers* or *Market Ancillary Service Providers* (as applicable) who wish to aggregate two or more *market loads* so they are treated as one *ancillary service load* for the purpose of *central dispatch*, must apply to *AEMO* to do so.

[17] Clause 3.8.3 Bid and offer aggregation guidelines

In clause 3.8.3(b1)(1), omit "*Market Customer*" and substitute "person (whether in its capacity as a *Market Customer*, *Market Ancillary Service Provider* or both)".

[18] Clause 3.8.3 Bid and offer aggregation guidelines

In clause 3.8.3(b1)(3), omit "2.3.5(e)" and insert "2.3.5(e)(1) and (2)".

[19] Clause 3.8.7A Market ancillary services offers

Omit clause 3.8.7A(c) and substitute:

- (c) the MW quantities specified are to apply at the nominated *connection point* or, with *AEMO's* agreement, at any other point in the relevant electrical installation or on the *network*;

[20] Clause 3.8.7A Market ancillary services offers

Omit clause 3.8.7A(f) and substitute:

- (f) *enabling prices* are to apply at the nominated *connection point* or, with *AEMO's* agreement, at any other point in the relevant electrical installation or on the *network*;

[21] Clause 3.8.20 Pre-dispatch schedule

In clause 3.8.20(g), omit “its plant” and substitute “the relevant plant”.

[22] Chapter 10 Definitions

In Chapter 10, substitute the following definitions:

Directed Participant

A Scheduled Generator, Semi-Scheduled Generator, Market Generator, Market Ancillary Service Provider, Scheduled Network Service Provider or Market Customer the subject of a *direction*.

Market Participant

A person who is registered by *AEMO* as a *Market Generator, Market Customer, Market Small Generation Aggregator, Market Ancillary Service Provider* or *Market Network Service Provider* under Chapter 2.

[23] Chapter 10 New Definitions

In Chapter 10, insert the following new definition in alphabetical order:

Market Ancillary Service Provider

A person who offers and provides *market load* as a *market ancillary service* under Chapter 2 and who is registered by *AEMO* as a *Market Ancillary Service Provider* under Chapter 2. The relevant person does not need to be the *Market Customer* for the relevant *market load*. For the purposes of these *Rules* a *Market Ancillary Service Provider* is an *Ancillary Services Provider*.

Schedule 2 Savings and Transitional Amendments to the National Electricity Rules

(Clause 4)

[1] Demand Response Mechanism and Ancillary Services Unbundling

In Chapter 11, after Part ZZU, insert:

Part ZZV Demand Response Mechanism and Ancillary Services Unbundling

11.94 Rules consequential on the making of the National Electricity Amendment (Demand Response Management and Ancillary Services Unbundling) rule 2016

11.94.1 Definitions

For the purposes of this rule 11.94:

commencement date means 1 July 2017.

11.94.2 Participant fees for Market Ancillary Service Providers

AEMO may charge *Market Ancillary Service Providers Participant fees* from the commencement date without amending the structure of *Participant fees* developed under rule 2.11 prior to the commencement date.

[END OF RULE AS MADE]
