

A few
words.

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY NSW 1235

via email: aemc@aemc.gov.au



10 February 2015

Dear Mr Pierce,

**National Electricity Amendment (Improving demand side participation information provided to AEMO by registered participants) Rule 2014
Your Reference: ERC0174**

I refer to the Australian Energy Market Commission's (AEMC) Draft Rule Determination Paper dated 18 December 2014 in respect of the abovementioned rule change.

AGL Energy Ltd (AGL) is one of Australia's leading integrated energy companies, operating retail and merchant energy businesses, a range of power generation assets and an upstream gas portfolio. Rule changes relating to demand side participation are particularly relevant to AGL, which has 3.8 million customers.

AGL supports this rule change, which proposes to make the provision of demand side participation information by registered participants to the Australian Energy Market Operator (AEMO) mandatory. In general terms, receiving a more reliable set of demand side participation information would be expected to improve AEMO's ability to forecast load and lead to better energy market stakeholder decision-making.

In supporting this rule change, AGL notes that there may be limits to how helpful registered participants' demand side participation data will be in informing AEMO's forecasts. Demand side participation contract terms and levels of firmness vary, which means the amount of demand side response delivered could deviate from what is reported. AGL suggests that information obtained directly from large energy users, used in conjunction with historical National Electricity Market consumption data, could also inform AEMO's load forecasts. As the benefits of any demand side participation information received second-hand from registered participants may be limited, costs, in terms of the time and complexity in providing this information to AEMO, should also be contained.



AGL supports the flexibility and time period afforded to AEMO to consult with stakeholders to develop and amend the Rule's guidelines in accordance with National Electricity Rule consultation procedures. AGL notes that categories of demand side participation are likely to become more varied in the coming years. Consulting with stakeholders when including new categories in the guidelines will ensure that the costs and benefits of additional data collection are adequately considered. In the near-term, the guidelines should clearly set out the categories and definitions of demand side participation that the rule intends to capture, to reduce the risk of non-compliance and maximise the quality of data received.

In closing, AGL stresses that the confidentiality of registered participant demand side participation information should remain paramount. While AGL accepts that this information will be treated as 'protected', it will be important to thoroughly test levels of data aggregation to ensure commercially sensitive information can not be deduced by other market participants.

Should you have any questions in relation to this submission please contact Kirsten Hall, Wholesale Market Adviser, on (03) 8633 6688 or at khall@agl.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Duncan MacKinnon', with a long horizontal flourish extending to the right.

Duncan MacKinnon
Manager, Wholesale Markets Regulation