

AEMC Power of choice review

Summary of Aggregated ancillary services workshop

- On Friday 27 April the AEMC held a workshop on the aggregation of ancillary services loads and load aggregation at the Parkroyal, Melbourne Airport.
- The workshop was well attended by industry participants, especially those representing the interests of load, load aggregation and other third parties that may want to access the wholesale electricity and ancillary services markets.
- The purpose of the workshop was to develop a common understanding of the rules based issues that may be preventing third parties from accessing each of these markets.
- This included a common understanding of the technical and informational issues associated with such a change.

Two models for overcoming third party provision of ancillary services were presented for discussion:

- a) Exemptions from the requirements for the current list of market participants; or
- b) Creating a new category of market participant.

Workshop participants noted that:

- Retailers may be unlikely to offer ancillary services to end-use consumers in addition to electricity services.
- There was a general consensus that there is merit in further exploring the option of unbundling the sale of electricity services from other DSP related services and ancillary services.
- Agreement that current rules do not support arrangements for accessing either wholesale electricity or ancillary services markets.

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- To allow unbundling of electricity services from ancillary services would require changes to the classification of market participants. Importantly, the exclusive relationship between Market Customers and end-use consumers (i.e. Market Load) may need to be revised.
- If electricity services were unbundled it would be impossible to unbundle FCAS provision from scheduled load.
- Separating the financially responsible participant at a load site would require accountabilities to be clearly split between the energy retailer and ancillary services aggregator.
- Aggregation of ancillary services in the NEM may not be enough to justify the investment at an end-use consumer site. The deployment of demand response could be needed in conjunction with this.
- The current metering requirements for ancillary services are different from load measurement. This means that unbundling services, by creating a new category of market participant, would not change the physical metering requirements at a consumer site.
- AEMO considered that there is no cost incurred relating to MSATS and MMS.
- EnerNOC provided a presentation on what it views as the issues associated with third party provision, as well as the potential for aggregation in the NEM.
- EnerNOC presentation included a potential model for facilitating the sale of demand response in the wholesale electricity spot market. A general discussion followed on the issues associated with third parties accessing the wholesale electricity market.

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- The consensus was there was merit in exploring the option of a new category of market participant. Some discussion followed on whether a specific ancillary services category and a general demand response category would be required.
- Consider the merit in creating another category of market participant for demand response providers. The AEMC's current rule change on "Small generation aggregator framework" is relevant and may provide a potential policy pathway for considering this matter.

Way Forward

- Consider the merit in creating a new category of market participant for ancillary service providers and the requirements that would need to apply to such a new category.
- EnerNOC model of demand response in the wholesale electricity spot market will be further considered under the Power of choice review as we prepare our draft advice.
- Metering workshop on the Wednesday 16 May in Melbourne will look into how to facilitate different participants being responsible for different services at the one consumer site (details on our website).
- List of attendees are attached. We would like to thank all attendees for their time and helpful contribution to the discussion.

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Attendees

Paul Troughton	EnerNOC
Mottel Gestetner	EnerNOC
Alex Cruickshank	AGL Energy
Ben Skinner	AEMO
Craig Memery	Alternative Technology Association
Dr Jenny Riesz	AECOM
Alan Brett	Velocity Energy
Richard Butcher	Velocity Energy
Rob Murray-Leach	Energy Efficiency Council
Rory Campbell	Australian Energy Market Commission
Julian Eggleston	Australian Energy Market Commission
Eamonn Corrigan	Australian Energy Market Commission
Electra Papas	Australian Energy Market Commission
