

12 February 2015

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

Dear Mr Pierce,

RE: AEMC Draft Rule Determination – Improving demand side participation information provided to AEMO by registered participants (ERC0174)

The NSW Distribution Network Service Providers, Ausgrid, Endeavour Energy and Essential Energy (the NSW DNSPs) welcome the opportunity to respond to the AEMC's Draft Rule Determination – Improving demand side participation information provided to AEMO by Registered Participants.

The NSW DNSPs largely support the AEMC's Draft Rule Determination and consider the Draft Rule to be more preferable than the Rule proposed by the COAG Energy Council.

Our submission supports the ENA submission and is primarily focused on providing commentary on the AEMC's decision not to prescribe factors for developing the demand side information guidelines (the Guidelines) in the National Electricity Rules (Rules); and flag key issues we will be seeking to raise during consultation on the development of the Guidelines.

Commentary on the AEMC's decision not to prescribe factors in the Rules

The NSW DNSPs note that whilst the AEMC has decided against including a set of factors in the Rules for AEMO to have regard to in developing the demand side information guidelines (the Guidelines), it has sought to limit the potential for unnecessary or onerous obligations to arise from the Guidelines through the inclusion of clauses 3.7D(d)(1) and (2).

The NSW DNSPs support the inclusion of these clauses, which require AEMO to:

- 1) consult with stakeholders on the development of the Guidelines; and
- 2) have regard to factors which contribute to Registered Participants reasonable costs of compliance compared to the likely benefits from use of the information in forecasting load.

We note that the AEMC has further clarified that under clause 3.7D(d)(1) AEMO would be required to contemplate factors, such as those previously identified by stakeholders, in developing the Guidelines. Specifically, the AEMC has stated that¹:

"...AEMO would be required to have regard to factors such as those identified by stakeholders and listed in section 3.2.2, to the extent that those factors contribute to the reasonable cost of efficient compliance."

In our view, the inclusion of these clauses and the AEMC's clarification on the intended operation of clause 3.7D(d)(1) strikes an appropriate balance between addressing stakeholder concerns and allowing sufficient flexibility for the Guidelines to evolve over time. We agree with the AEMC's rationale that it is more fitting for specific factors to be included/and or considered in the development of the Guidelines, as opposed to the Rule.

Key issues regarding the development of the Guideline

The NSW DNSPs agree with stakeholders that factors, such as those listed in section 3.2.2 of the Draft Rule Determination, should be considered in developing the Guidelines. In addition,

¹ AEMC 2014, *Improving demand side participation information provided to AEMO by registered participants, Rule Determination*, 18 December 2014, Sydney, p 15.

we would like to highlight other issues which should be further discussed during consultation on the development of the Guidelines. These include:

- The need to provide historic information
In determining whether historic information should be provided under the Guidelines, AEMO will need to consider whether this information can be easily obtained. If substantial effort is required to provide this information, then we would argue that it is not appropriate to include such a requirement. This is because the costs in providing the information would far exceed the likely benefits to AEMO in its load forecasting.
- Use of materiality thresholds
The NSW DNSPs urge AEMO to consider the use of materiality thresholds in setting information requirements under the Guideline. We note the potential for thresholds to appropriately limit the scope of obligations under the Guideline, thus striking a suitable balance between providing AEMO with the information it needs and minimising reporting obligations for registered participants.
- Addressing controlled load in “curtailment of *non-scheduled load*”
The NSW DNSPs will be seeking clarification from AEMO as to whether controlled load will be included or excluded from reporting requirements. Our interpretation is that controlled load should be excluded, as it has little or no impact on peak demand. Further, AEMO already has access to sample meters and information on customer count for each controlled load tariff.
- Frequency of reporting under the Guidelines
The NSW DNSPs consider that registered participants should not be required to update information more than annually or in alignment with AEMO’s publishing obligations. This would help minimise reporting costs for registered participants.
- The need for consultation on data interpretations prior to publishing load forecasts
AEMO should be required to consult with networks on the data and interpretations used for load forecasting (relevant to that network) under the Guidelines prior to publication. This will help to ensure that the information provided to AEMO is interpreted correctly and the accuracy of AEMO’s load forecasts is preserved. In addition, it could also help DNSPs better tailor the information provided to AEMO and assist in reducing compliance costs.
- AEMO should share information collected under the Guidelines with relevant DNSPs
The NSW DNSPs consider that there is substantial benefit in AEMO sharing the information it has gathered under the Guidelines with relevant DNSPs. Having access to this information could improve the accuracy of DNSPs own load forecasting.

Proper consideration of these issues, in accordance with clause 3.7D(d)(1), will enable Guidelines to be developed that achieve an appropriate balance between allowing AEMO to obtain the information it needs to improve its load forecasting and minimising the regulatory burden imposed on registered participants.

If you have any further queries or would like to arrange a meeting to discuss our submission please contact Mr Murray Chandler, Group Manager Network Technology & Innovation at Networks NSW on (02) 9269 7210 or murray.chandler@asugrid.com.au

Yours sincerely,



John Hardwick
Group Executive – Network Strategy
Ausgrid, Endeavour and Essential Energy