

9 October 2014

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

Lodged electronically: www.aemc.gov.au

Dear Mr Pierce,

RE: Improving Demand Side Participation Information provided to AEMO by Registered Participants Consultation Paper (ERC0174)

The Energy Retailers Association of Australia (ERAA) welcomes the opportunity to provide comments in response to the Australian Energy Market Commission's (AEMC) Improving Demand Side Participation Information provided to AEMO by Registered Participants Consultation Paper (**the Consultation Paper**).

The ERAA represents the organisations providing electricity and gas to almost 10 million Australian households and businesses. Our member organisations are mostly privately owned, vary in size and operate in all areas within the National Electricity Market (NEM) and are the first point of contact for end use customers of both electricity and gas.

This Consultation Paper is part of the broader package of reforms that have been initiated by the COAG Energy Council from recommendations made under the AEMC's Power of Choice report. This rule change request seeks to improve the Australian Energy Market Operator's (AEMO) demand forecasting and decision making capability¹. This will be achieved by an obligation in the Rules that registered market participants, including electricity retailers, provide AEMO information on the level of demand side participation (DSP) contracted to them, in accordance with Information guidelines (the Guidelines).

The ERAA provides conditional support to the rule change. The support is conditional on the design of the Guidelines, addressing concerns as to potential breaches in confidentiality, and the establishment of appropriate disclosure requirements on AEMO.

Guidelines

The ERAA understands that the purpose of the Guidelines is to obtain DSP data to help improve AEMO's decision making capabilities in demand forecasting. On this assumption the ERAA would expect that these Guidelines also apply to third party providers that participate in the provisioning of DSP offers to consumers.

We support the objective that the reasonable costs of registered participants should be taken into account during the development of the Guidelines by AEMO². The ERAA would only

¹ AEMC Improving Demand Side Participation information provided to AEMO by Registered Participants Consultation Paper, p.9

² Ibid, p.8



support Guidelines that are not overly prescriptive that individual retailers and other parties have flexibility to meet obligations prescribed in the Guidelines in a cost effective manner. The ERAA would also support that the Guidelines only seek to obtain data that is essential to help inform AEMO in its demand forecasting and that the frequency of data requests balances the cost to participants.

We look forward to participating in a transparent and inclusive consultation process with AEMO in the development of the Guidelines. We recommend that the AEMC's Rule change process and AEMO's Guidelines process be run concurrently. As the details around the new DSP reporting requirement are to be included in the Guidelines, the AEMC should allow sufficient time for AEMO to commence its Guidelines consultation process following the release of the AEMC's Draft Determination and prior to the close of submissions to the Draft Determination. This will provide AEMO some certainty that a Rule is likely to be made while also ensuring participants have an opportunity to review the draft Guidelines and feed back to the AEMC's Rule change process if necessary, prior to the Final Determination being made.

Confidentiality provisions

The ERAA views data confidentiality as a critical implication flowing from this proposed rule change. The ERAA notes the protective information provisions in the National Electricity Law that AEMO is required to meet.

However, the ERAA has concerns that these protections may not fully protect DSP customer's confidentiality. By way of example, a DSP contract between a retailer and a large industrial customer may represent the majority of electricity demand for one location or region. The publication of locational or regional data may enable an external party to determine the identity of the DSP customer. Consequently, other details of the DSP contract could also be derived from AEMO market information including the electricity spot price that triggers a DSP event including load curtailment.

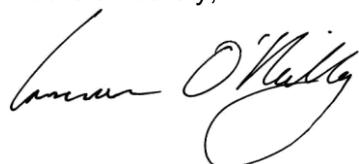
To mitigate this issue, the ERAA recommends that AEMO is required to manage a DSP customer's location in accordance with protective information provisions and that publication of DSP data in the public domain should only be in aggregate form at a national or state level. Should AEMO seek to publish data at a granular level then an appropriate consent mechanism must be established with market participants, and DSP customers, that may be impacted by this decision.

AEMO requirements

The ERAA recommends that the AEMC's rules also include a requirement for AEMO to disclose annually how they have utilised the DSP data to improve their demand forecasting and decision making capability, subject to the confidentiality requirements detailed above. This disclosure is important as it ensures that AEMO remains accountable for the data it receives. This process can also inform AEMO and stakeholders on future amendments to the Guidelines.

Should you wish to discuss the details of this submission, please contact me on (02) 8241 1800 and I will be happy to facilitate such discussions with my member companies.

Yours sincerely,



Cameron O'Reilly
CEO
Energy Retailers Association of Australia