B2B Working Group questions – Integrating energy storage systems into the NEM (IESS) – June 2023

<u>Question 1:</u> *For context, under the IESS rule change the NERR was not updated to include the term 'integrated resource provider' and notably customer protection obligations are placed on distributors and retailers under the NERR – for this context we will focus on the retailer. When an IRP takes responsibility for a connection point that is classified as a 'market customer' (eg a small customer) then it would be reasonable to expect that the customer will continue to receive all the protections under the NERR. Question: given the NERR was not updated under the IESS rule change, what obligates the IRP to comply with the NERR for a connection point classified as a market customer given the NERR uses the term 'retailer'?*

Answer:

- The NERL states that a person must not engage in the activity of selling energy to a person for premises unless it is the holder of a current retailer authorisation or an exempt seller. There is nothing in the IESS Rule which allows an IRP to provide services that would require a retailer authorisation without obtaining a retailer authorisation.

- In addition, NER 2.3.1A states:
    - (a) A person must not classify any connection point as a market connection point under this rule 2.3 unless the person satisfies the requirements of the participating jurisdiction in which the connection point is situated so that (subject to compliance with the Rules) the person is permitted to purchase or sell electricity (as applicable) in the spot market in relation to that connection point.
    - (b) A person must not classify any connection point as a market connection point under clause 2.3.4(b) or (i), unless the person has any authorisations or exemptions required by the legislation of a participating jurisdiction or by the NERL in relation to the sale of electricity to end users.

- Under NER 2.3.4(b) and (e), an IRP is taken to be a Market Customer insofar as its activities relate to end user connection points that it has classified as its market connection points.
- Where the NERR refers to a 'retailer', it would also be referring to IRPs that are authorised as a retailer. There is thus no reason for the NERR to be updated to include "IRP".

<u>Question 2:</u> *Will an IRP be required to have a Retailer licence in all jurisdictions and will AEMO ensure the appropriate licences are in place as part of its Registration processes? If an IRP only services generation at a NMI i.e. it does not sell energy to a customer, will they need to have a Retailer licence?*

Answer:

- See answer above, including reference to NER 2.3.1A. In addition:
    - NER 2.4.2(d) states that, to be eligible to be registered as any category of Market Participant, a person must satisfy AEMO that it is complying and will comply with other relevant obligations set out in the Rules, taking into account the classifications intended by the applicant and notified at the time of registration.
    - If an IRP registration applicant indicates that they will be classifying end user connection points, AEMO will require them to hold a retail authorisation to be registered.

<u>Question 3:</u> *How will AEMO ensure a Participant only has the ability to perform certain functions/ transactions associated to its registered role in MSATS?*

Related question from Intellihub: *There is an understanding that in certain scenarios the IRP is not required to be authorised as a retailer (eg the IRP only has a connection point that is classified as a scheduled generating unit), therefore where an IRP does not have a retailer authorisation then will there be anything in MSATS to prevent this participant becoming the FRMP for a connection point that requires a retailer authorisation (eg a large or small customer NMI)?*

Answer: As above, if an IRP registration applicant indicates that it intends to classify end user connection points, AEMO will require it to hold a retail authorisation to be registered. AEMO does not currently have a method for distinguishing between IRPs that are required to have a retailer authorisation and those that are not in MSATS. If a participant which does not have a retailer authorisation engages in activities for which a retailer authorisation is required, it would be in breach of the NERL and NER.

<u>Question 4</u>: *What criteria will AEMO apply to an IRP in determining its eligibility to have access to AEMO's B2B eHub?*

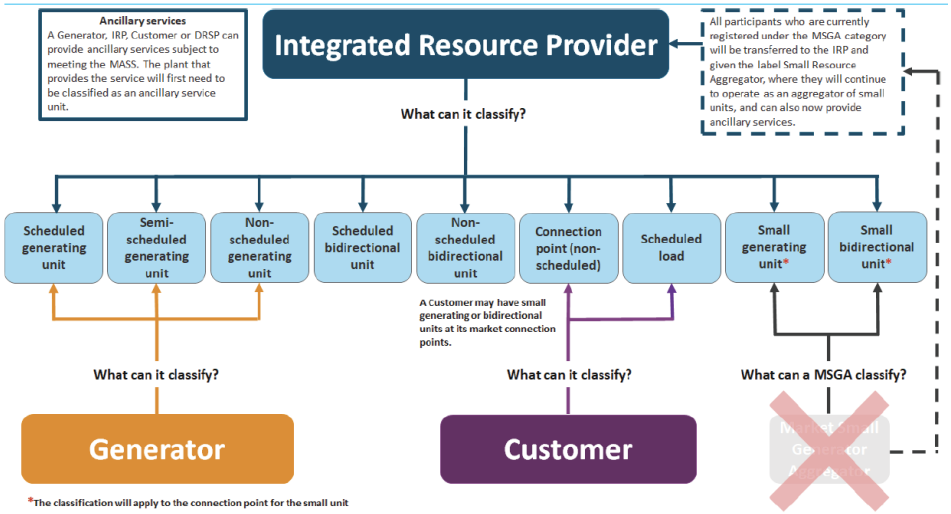
Answer: AEMO will determine an IRP's eligibility to access the B2B eHub in accordance with NER 7.17.2 and the B2B e-Hub participant accreditation and revocation process. An IRP wishing to use B2B e-Hub will be able to be accredited as a *Third Party B2B Participant*. If the IRP also holds a retail authorisation, the IRP would also meet the criteria as being accredited in the same manner in which a Retailer is accredited.

Question 5

In relation to the diagram below:

- *For each of the blue boxes:*
  - *Please clarify/describe how each of these items are represented in MSATS today*
  - *Please clarify/describe how each of these items will be represented in MSATS when IESS starts and when the participant is an IRP*

Figure 1: Classifications and services that can be provided by Market Participants



Answer: Here's two diagrams showing similar information in differing graphics of the classifications for the roles that will appear in MSATS. Please note that these are provided as a general guide/ examples only.

Today

Market Participant	Generator	Market Customer & Market Generator	Market Customer	Market Customer	Small Generation Aggregator
Resource	Non-exempt generating system	Non-exempt battery (interim arrangement)	Plant (excluding generating plant)	load	Small GU (exempt)
Classification	scheduled, semi-scheduled or non-scheduled generating unit	scheduled or non-scheduled load + scheduled or non-scheduled generating unit	scheduled load	market load	market generating unit
NCC	GENERATR	WHOLESAL & GENERATR	WHOLESAL/ DWHOLSAL	SMALL/ LARGE	NREG

Post IESS

Market Participant	IRP or Generator	IRP		IRP or Market Customer	IRP or Market Customer	IRP (Small Resource Aggregator)
Resource	Non-exempt generating system	Non-exempt integrated resource system		Plant (excluding generating plant)	Connection point (end user)	Small resource connection point (small GU/ small BDU - exempt)
Classification	scheduled, semi-scheduled or non-scheduled generating unit	scheduled BDU or non-scheduled BDU (+ may also include GUs)	scheduled, semi-scheduled or non-scheduled GU (which also includes consumption on the system side of the connection point)	scheduled load	market connection point	market connection point
NCC	GENERATR/ DGENRATR	TIRS/ DIRS		WHOLESAL/ DWHOLSAL	SMALL/ LARGE	NREG
Notes	DGENRATR & GENERATR apply to distribution & transmission connected registered generating systems respectively	TIRS & DIRS apply to distribution & transmission connected registered integrated resource systems respectively		WHOLESAL & DWHOLSAL apply to distribution & transmission connected connection points respectively	Retailer obligations and authorisation requirements apply as they do today	Classification applies to the connection point (small resource connection point)

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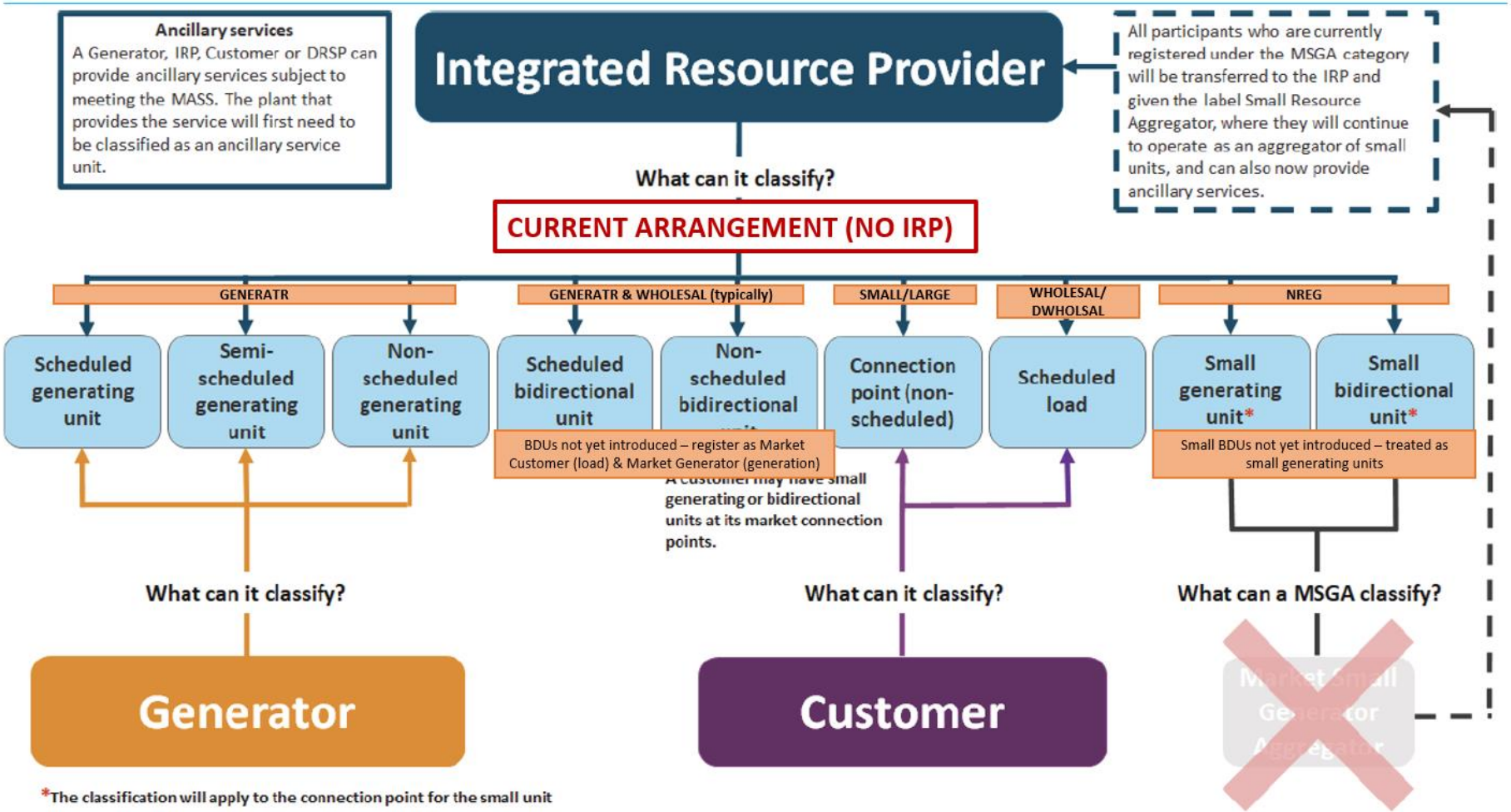
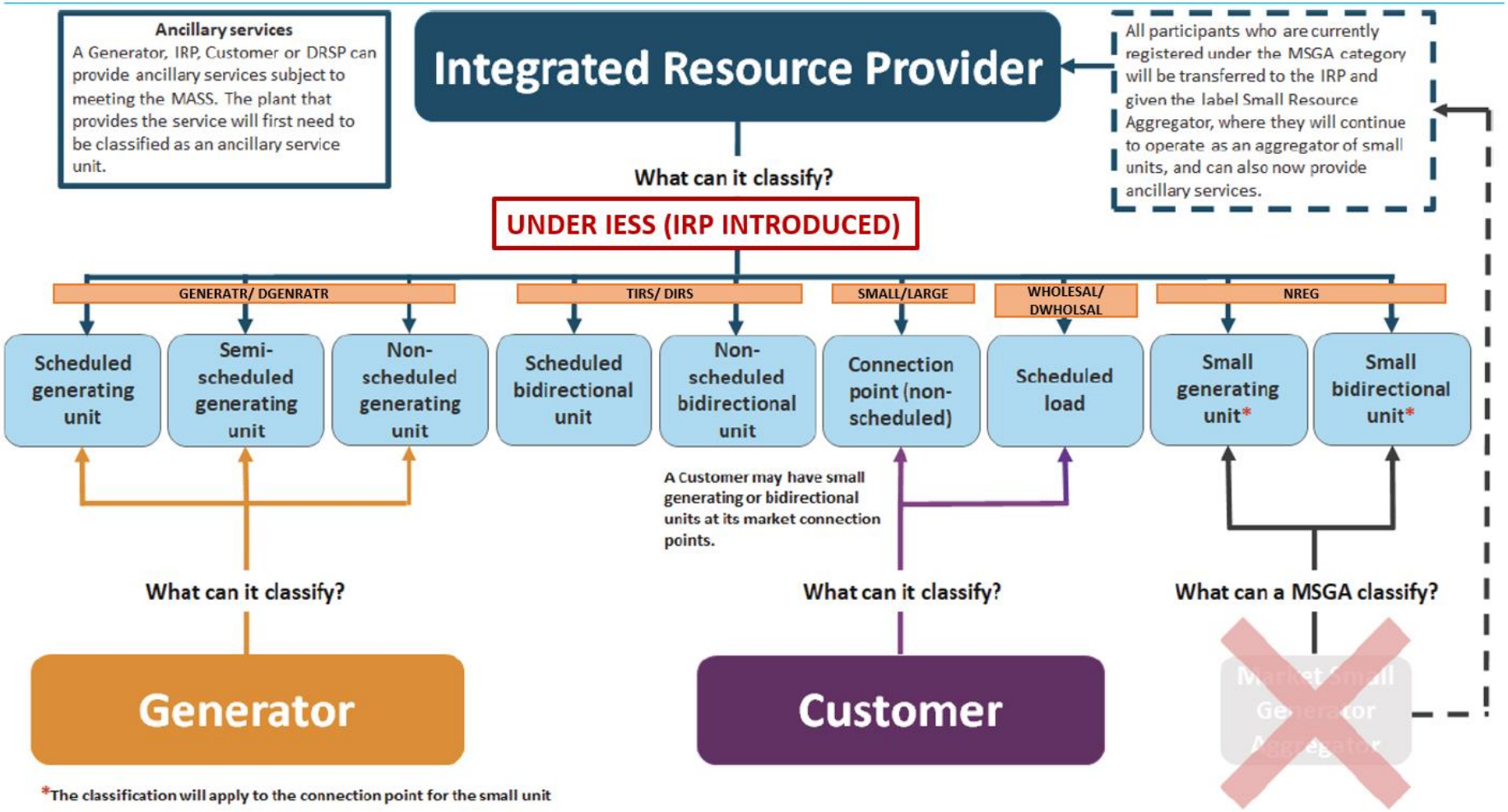
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