

21 December 2018

Mr Matthew Armitage
Principal Analyst, Strategy and Innovation
Australian Energy Market Operator
GPO BOX 2008
MELBOURNE VIC 3001

By email: DERProgram@aemo.com.au

Dear Mr Armitage,

NEM Virtual Power Plant Demonstrations Program

Simply Energy welcomes the opportunity to provide its views and feedback on the Australian Energy Market Operator's (AEMO) NEM Virtual Power Plant (VPP) Demonstrations Program consultation paper.

Simply Energy is a leading second-tier energy retailer with over 660,000 customer accounts across New South Wales, Queensland, South Australia, Victoria and Western Australia. As one of the Australia's leading energy retailers, Simply Energy is committed to actively promoting innovation and improving energy efficiency. In line with this commitment, Simply Energy recently launched a \$23 million VPP project. It is expected that this project will deliver up to 1,200 residential energy storage systems and a further two megawatts of demand response capacity across South Australia.

Simply Energy considers that AEMO's VPP Demonstrations Program will provide further insights into the learnings it has already acquired through leading the uptake of distributed energy resources. In particular, Simply Energy considers that the Demonstrations Program will provide policymakers and the broader energy industry with valuable awareness around how small-scale energy storage systems can be used to reduce centralised demand and overall levels of network expenditure.

In assisting AEMO develop the framework for the VPP Demonstrations Program, Simply Energy would like to make the following observations in response to the questions raised in the consultation paper:

- The overall objectives of the program are logical and achievable. That said, the objectives need to remain flexible as new insights and lines of enquiry will arise as the trial develops.
- Simply Energy also considers VPPs will play an important role in facilitating demand response, and for this reason, demand response trials should be incorporated as part of the program.
 - For example, in areas where there is a high proliferation of solar photovoltaic exports, there has been observable signs of over supply particularly in the middle portion of the day when people tend to be at work or out of the house. This means there will be value in assessing how VPPs can be used to align the dispatch of residential solar to the periods where there are higher levels of demand, as this will help alleviate potential network constraints.

- In terms of capturing consumer insights, Simply Energy would encourage AEMO to give further consideration to how consumer experience data will be captured and objectively assessed.
 - Simply Energy recommends that all consumer sampling and feedback should be evaluated by an independent third party to ensure the Program's findings remain impartial. This will, in turn, ensure that the findings can be used as an authoritative basis for future market development.
 - To facilitate this end, all participants in the Program should be required to gather data based on a common set of guidelines.
- From a technological standpoint data can be captured based on five-minute intervals. However, the most cost effective and simplest approach is for participants to instantaneously report at the end of each five-minute interval.
 - Averaging capacity and output values over five minutes would be more onerous, as the reported data would need to be manually collated then averaged out before being provided to AEMO.
- In order to ensure greater accuracy in forecasting generation and VPP system capacity, Simply Energy considers that VPP operators could be required to provide AEMO with device level data on either a daily or weekly basis.
 - Having access to regular data will assist AEMO in managing system operations more effectively into the future, particularly as more people start to use distributed energy resources.
 - In saying that, the device level datasets proposed in Table 7 of the consultation paper should be set as a high-level suite of minimum reporting requirements. It needs to be kept in mind that the data that is capable of being captured can vary depending on the type of energy storage system installed.
 - Going forward Simply Energy would encourage AEMO to look at international reporting requirements, particularly in Europe, in establishing a uniform set of data standards for energy storage systems installed in Australia. This will assist in making more technology available and compatible with the Australian market.
- With respect of sharing data as part of the program, Simply Energy considers that the main impediment for participants will be ensuring that they have the requisite customer consent. For this reason, some participants may need to review or even modify their contracts with existing VPP customers in order to participate in this trial.

In closing, Simply Energy would like to take this opportunity to say that it is encouraged by the active steps AEMO is taking to progress market innovation and development. Simply Energy looks forward to actively working with AEMO in developing the VPP Demonstrations Program. If you have any questions or would like to arrange a further discussion with us to talk about our VPP project please contact Ben Wilson, Energy Markets & Technology Specialist, on (03) 8807 1187 or at Ben.Wilson@au.engie.com.

Yours sincerely



James Barton
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Simply Energy