EnergyAustralia feedback - Public

Question / Feedback	Slide page reference	EnergyAustralia's comments
1. The current term used is VSR zone. Suggestions of another name?	28	VSR district
2. What other zonal classification could be appropriate to use as the basis of a VSR zone?	28	We believe the congestion model strikes a right balance between allowing for small enough zones to support market forecasting and operation, and maintaining a sufficiently large area to support participants being able to meet the minimum capacity threshold across a single DUID. We strongly urge AEMO to select an approach and not change it, even after three years. Reducing the size of the zones at a later time could cause some VSRPs to fall below the MW capacity threshold in a single DUID and strand their investment. The congestion model also broadly aligns with WA's use of a TNI as a basis for integrating VPPs into the market.
3. What other factors should be consider with setting VSR zones?	29	Similar to considering future dynamic operating envelope integration, we consider any network constraints e.g. flexible export limits and how they are zoned, will be an important factor in how VSRs are operated and therefore how they should be zoned.
4. How should VSR zones be established to support both VSR growth and system security over time	30	We do not support changing the VSR zones after they are set, as this could render VSRP investment stranded if they no longer meet the MW capacity threshold because the VSR zone is changed and the DUID is set on a smaller basis. This lack of certainty could deter uptake of the VSR mechanism in the first place.
5. Could there be a transitional approach to setting zones as VSR volumes increase ?	30	As above.
6. What would the transitional impacts be?	30	As above.
7. What is the impact of using different type of zonal aggregations for VSR zones	31	The impact of using different types of zonal aggregations could undermine the VPPs operation. For instance, the zone delineation that is selected, must be consistent with NEM regions, to avoid a situation where a DUID is responding to a price signal in NSW vs Victoria. Provided that DUIDs are a subset or aligned with the NEM region boundaries, this problem can be avoided.

8. Example are there impacts to VPPs currently operating across NEM regions or VSR proposed zones?	31	No response.
9. What is a suitable minimum lead time for changes to VSR zones to take effect?	31	We do not support changing the VSR zones after they are set, as this could render VSRP investment stranded if they no longer meet the MW capacity threshold because the VSR zone is changed and the DUID is set on a smaller basis. This lack of certainty could deter uptake of the VSR mechanism in the first place.
10. What other factors should be considered when setting a minimum VSR thershold?	32	The main factor when setting a VSR threshold is to ensure that the threshold does not inadvertently create a barrier to use of the VSR mechanism. We support adopting a low minimum threshold for VSRs for participation and bidding. AEMO should be cognisant of how a 5MW threshold would translate into smaller scale assets which are starting from a very small capacity threshold. For instance: • The average home battery system is 10KW, a 5MW threshold would require 1000 batteries to operate per DUID and in practice even more when considering an average of only 88% asset availability which would require even more batteries i.e. 1,136 batteries. **[Confidential:** **].** • Our community batteries in SA have a total MW of 4.5MW and so would be excluded. • In Endeavour and Essential distribution networks, our community batteries will be 1.5MW and 0.5MW so depending on the VSR zone, they would also not qualify, unless the zone is large enough to aggregate across Ausgrid (where we have 20MW of community batteries). We also question a threshold of 5MW, when this would seem to exclude many batteries and loads just under 5MW, i.e. 4.9MW which the AEMC rule change was intending to incentivise to participate on a singular basis.
11. How else could we encourage participation of smaller aggregators in dispatch mode?	32	As above, thresholds need to be set carefully: - VSR zones should be set on a wide basis (congestion model strikes a reasonable balance) and not changed. - Minimum VSR threshold should be set at 1MW capacity, and not 5MW to ensure that it does not act as a barrier to participation.
12. Do you agree with a minimum threshold of 5MW?	32	No, as per question 10, we would prefer 1MW to support uptake of the VSR mechanism.

13. If not why not?	32	See question 10.
14. How do you see VSR capacities and numbers changing over time?	32	We expect VPP and therefore potential VSR capacity and numbers to increase, provided that VSR guideline thresholds are not set unduly high, in view of the following factors: - The value that customers get paid for solar exports is reducing, as FiTs decrease, this will mean increased customer interest in batteries – as customers see batteries as a way to retain financial value from their solar PV (to store solar PV energy and self-consume during night time peaks when prices are high). - In particular, with the increased enablement and uptake and use of EVs as a battery that can provide power to the home and eventually the grid. - The cost of residential batteries coming down.
15. Could the minimum size be set lower and then increase as the volume and capability of VSR's increase?	32	We disagree with the subsequent increasing of the MW capacity threshold, as this could strand existing investments made by participants in becoming a VSRP. Similar reasons to question 4.
16. What would the transistional impact be in this scenario?	32	As above.
17. Do the VSRPs have any privacy concerns related to the sharing of particular datasets, either directly or via AEMO?	33	We believe that any data sharing to support VSR integration into the NEM, and any data sharing with AEMO, should match the data provided by batteries for bi-directional electricity flows and the data provided by scheduled loads. This should resolve any privacy concerns around data.
18. What data do NSPs believe they require and for what purpose?	33	We leave this question to be answered by the NSPs, but consider that they will be interested in data that supports the operation of dynamic operating envelopes, flexible export limits, and any other new types of network constraint.
19. Do they have a preference regarding the processes for sharing this data	33	No response.
20. Do you agree with the proposed situation that would trigger AEMO	36	While we understand the intent behind AEMO directions of this sort, we consider that any AEMO directions on NMI changes must be transient only, and not lead to permanent changes to the NMI being part of the DUID. We also question how much lead time will be provided to participants.

requiring NMI changes in a VSR?		
21. What processes should be established to deal with NMI churn resulting in a VSR falling below the minimum size of a VSR?	36	We support an approach where the NMI is made inactive in cases of customer churn to a different FRMP.
22. What information or tests would be reasonable for AEMO to require in the initial capability assessments framework?	37	No response.
23. Should we tailor these to different services (energy dispatch, regulations FCAS, contingency FCAS)	37	See response to question 25.
24. What are your views on the proposed periodic capability assessments?	37	We do not see a need for periodic capability assessments. Rather, capability assessments beyond the initial assessment should only occur on an 'as needs' basis. i.e. if there are changes to the VSR portfolio – inclusion of a community battery for example (which can be flagged to AEMO by the participant), or if there is repeated non-conformance by a VSRP.
25. What are your views on the proposed approach to managing VSR telemetry and communications?	38	A four second interval for communication requirements is not feasible for VSRs, even above a 30MW capacity, due to the time lapse that will occur via communication from the asset e.g. battery to the VPP operator, and then to AEMO. We support a 60 second timeframe across the board for all services, including Regulation FCAS, and energy trading, and any future services.
26. Do you agree with the proposed notice periods for switching between VSR participation modes?	39	We are more inclined to accept short notice periods, where de-activation and hibernation mode mean that a VPP can operate off market and continue for instance to export electricity, outside the dispatch process. This was our understanding of the AEMC rule change, but we would like to clarify this question with AEMO.

27. Should intra -day mode switching be considered? i.e to nominate the trading intervals within a day for particular VSR models?	39	No response.
28. Does the proposed approach to VSR energy dispatch conformance sutiable balance participation with power system security?	40	We agree with AEMO's general approach to be more lenient towards non-conformance by VSRs, in view of the lower availability of small-scale battery assets e.g. 88%. We also consider that the risk of high penalties for non-conformance is a deterrent to becoming a VSRP. We understand the approach for repeated non-conformance will be to impose a non-conformance limit – which is a reasonable balance between imposing restrictions to ensure the market is not adversely impacted, while encouraging VSRP participation.