Part of Energy Queensland

19 March 2025

Mr Daniel Westerman
Chief Executive Officer
Australian Energy Market Operator
Email: NEMReform@aemo.com.au

Dear Mr Westerman,

Voluntarily Scheduled Resources Guidelines consultation

Queensland's two distribution network service providers (DNSPs), Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex), welcome the opportunity to provide feedback to the Australian Energy Market Operator's (AEMO) Voluntarily Scheduled Resources (VSR) Guidelines (Guidelines) consultation.

We support the development of the Guidelines to provide clarity and certainty to prospective voluntarily scheduled resource providers (VSRPs) and other energy market stakeholders on the further integration of consumer energy resources' (CER) in the National Electricity Market (NEM).

This important work brings CERs one step closer to unlocking their full potential in delivering benefits to owners and to the NEM.

Neither this letter nor our enclosed responses to the consultation's questions contain confidential information and may be published. Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact me or Lindsay Chin on 0459 642 052.

Yours sincerely

Alena Chrismas

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Manager Regulatory Affairs

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Enc: - Ergon Energy's and Energex's responses to the consultation's questions.

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Attachment

The below provides only those responses to the Guidelines consultation's questions for which Ergon Energy and Energex have a view.

Section	Question	Energy Queensland commentary
3.2	1. What should be the effective date of the VSR Guidelines and why?	Ergon Energy and Energex agree that the Guidelines' effective date should align to the date that new National Electricity Rules (NER) provisions covering dispatch mode for VSRs comes into effect (23 May 2027) as this provides the Guidelines' legislative backing. Also, we note that the Guidelines will be published 28 August 2025, to provide AEMO and participants sufficient time for system development and testing. It is critical that this planned date not be deferred, unless there is a corresponding delay to the NER provisions, given the lengthy periods required for system changes.
3.5.1	4. To what extent do you agree with all VSRs, independent of zone, being allocated a loss factor of one?	Retail customers themselves already have a loss factor applied as required under the NER. As such, it is appropriate that losses are not 'double counted' by applying an additional loss factor to VSRs.

Section	Question	Energy Queensland commentary
3.5.1	5. Other than the NEM zonal classifications presented, what other zonal classifications could be appropriate to use as the basis of VSR zones? What are these and why would they be suitable?	We support the use of congestion modelling zones as proposed in the Guidelines, as they strike the right initial balance between being large enough to enable VSR aggregation in a developing market, whilst still linking back to transmission level constraints that could be relevant to dispatch. However, the downsides with congestion modelling zones that will need to be managed through the implementation phase are: • these will not have sufficient granularity to assist with distribution network constraints and so DNSPs will likely need to utilise VSR information along with dynamic operating envelopes to forecast and manage impacts at a much more granular level in the distribution network. As such, additional data will be required to support these functions. • as the boundaries are not obvious or well understood by VSR proponents, this may present difficulties in securing sufficient capacity within a zone. For example, where a proponent's portfolio comprises several separate connections, each identified by a different national meter identifier (NMI), a proponent may have to manage constraints from different network service providers that apply to each NMI across a zone, adding to complexity with implementation. From a DNSP's perspective, the behaviour of a particular NMI will have an impact at a local network level. Concurrently, where that NMI is part of a coordinated response of several NMIs, due to for example, market participation, this may have an impact across a broader area. Therefore, DNSPs have an interest in understanding the individual and combined/coordinated impacts of NMIs.

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3.5.1	6. What are the key factors to consider when setting VSR zones now and in the future as the industry gains more experience with and information on dispatch mode?	The issue of data sharing and management of the DNSP versus customer versus VSRP relationship will present an issue regardless of how the zones are split, including the potential complexity of a zone that spans different DNSPs' areas and who may all have different practices. We recommend that the process of setting the final VSR zones be independent to the process of reviewing the Guidelines, as this may warrant further review prior to May 2030 as we believe more granular zones will ultimately be required. Alternatively, if the review of zones cannot be reviewed/revised independent of the Guidelines, it may mean the Guidelines' review will have to occur earlier than the 23 May 2030 deadline.
3.5.1	7a. What are your views on the potential use of NEM regions as VSR zones in the early years of dispatch mode when VSRs are expected to be small with a transition to VSR zones that better support system security as VSRs grow? In this scenario, what would the transition impacts be?	The benefit of using NEM regions is that it may promote the market's development more than other approaches, resulting in a greater number of potential participants for each VSRP. However, complexity and dissatisfaction may arise in cases where the zones are changed and portfolios are broken up with the new fragmented parts in a particular congestion zone(s) no longer meeting the minimum (e.g., 5 MW) VSR threshold.
	7b. What are the existing or potential issues with having an inconsistent approach to zonal classifications between VSRs and WDRUs?	Inconsistency is likely to cause confusion among proponents which may impact consumer outcomes when engaging with service providers.
	7c. What impact/s do DNSPs see from the proposal to use congestion zones as the basis for VSR zones rather than distribution network boundaries?	In the case of Queensland, Southern Zone 3 captures both Ergon Energy's and Energex's network distribution areas. From a top-down market perspective these zones are sensible but to enable the responsible DNSP to receive and interpret the data will require more granular information on the VSRP such as the NMI, electricity supply bid and actual

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		dispatch data and the relevant DNSP. These full data requirements will require further development and review.
3.5.2	14. What are the options for aggregations of >1 MW to participate in dispatch mode, given the 1 MW bidding threshold?	We support AEMO's proposal of a minimum combined nameplate rating of 5MW for dispatch to manage the challenges associated with handling a larger number of smaller VSRs by AEMO's control room, and its alignment with the existing standing exemption from registration of 5 MW.
3.5.13	33. What data do DNSPs, and where relevant TNSPs, reasonably believe they will require from VSRPs or AEMO and for what purpose/s?	As per our response to question 7c., we believe that a forecast of the bid and actuals of the dispatch at a NMI level under the VSR is likely to be required, tagged by the relevant DNSP to cater for the selection of broader zones. However, as a VSR is an aggregation of resources and VSRPs are required to make accurate bids at a portfolio level only, the individual NMI level bid information may be an estimate only.
3.5.13	34.Do DNSPs/TNSPs have a preference for which AEMO system or process they receive data from, or are there alternative ways this data could be provided?	Our preference is to receive NRT data via Apache Kafka Event Streaming.