

INFORMATION EXCHANGE COMMITTEE MEETING

FOR NOTING

SUBJECT: WHOLESALE DEMAND RESPONSE SERVICE PROVIDER
RULE CHANGE - B2B IMPACTS

AGENDA ITEM: 9

1. PURPOSE

The purpose of this paper is to provide the IEC with an update on the B2B impacts of the Wholesale Demand Response (WDR) rule change, in particular, with respect to the provision of access for the Demand Response Service Provider (DRSP) to customer meter data.

2. SUMMARY

On 11 June 2020 the Australian Energy Market Commission (AEMC) published a final determination for a rule change to create a Wholesale Demand Response mechanism. Under this final rule, Large Customers will be able to sell demand response in the wholesale market either directly, or through specialist aggregators.

The rule change:

- introduces a new market participant category, the DRSP
- places obligations on DRSPs that, as much as practicable, replicate those applied to scheduled participants, for example, similar information provision and scheduling obligations
- sets out a process for having baseline methodologies determined and applied to wholesale demand response units
- provides for DRSPs to be settled in the wholesale market for the wholesale demand response they have provided at the prevailing spot price
- sets out consequential changes to other aspects of the National Electricity Rules (NER), including changes to Reliability and Emergency Reserve Trader (RERT) provisions
- makes additional changes to related aspects of the NER, such as the demand side participation information provisions, to improve the integration of the demand side
- **The effective date of this rule change is 24 October 2021**

Only customers that are classified under the Rules as “Large” will be able to participate in WDR.

In practice, the DRSP will:

- act as an intermediary for the Large Customer to offer demand response directly to the NEM wholesale market
- have a contractual arrangement with the Large Customer where the DRSP will pay the customer for the demand response provided
- settle the demand response in the wholesale market
- have demand response determined using an approved baseline methodology (to be determined by AEMO).

AEMO considers that in order to determine how the customer performed against the baseline, the DRSP will likely require access to metering data from the Large Customer meter. This will allow the DRSP and each Large Customer to settle against contracts as well as to manage their portfolio against their obligations the DRSP will have in respect to the wholesale spot and futures markets. AEMO envisages a DRSP being allowed to initiate two B2B transactions - a Provide Meter Data (PMD) and a Verify Meter Data (VMD) transaction for Large Customers, where the DRSP has a contractual relationship with the customer that is registered with AEMO in MSATS.

The NER allows for Third Party B2B Participants who are not also a Distribution Network Service Provider, retailer, Local Retailer, Metering Coordinator, Metering Provider or Metering Data Provider. AEMO determines and approves Third Party B2B Participants under NER clause 7.17.2.

AEMO is of the view that no B2B Procedure change is required to facilitate WDR, however, a DRSP will first be required to register as a market participant and be allocated an MSATS participant code before using the B2B eHub.

AEMO notes that the DRSP role will be added to the following sections of the B2B Guide:

- Section 5 which typically specifies which roles use each transaction, and
- Section 6.6.1(a) and 6.6.2(a) which specifies which parties use the PMD and VMD communications.

3. RECOMMENDATIONS

AEMO recommends that the IEC note the potential changes to the B2B Guide to include the DRSP role and access to the PMD and VMD transaction

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