

5 February 2021



Emily Brodie
WDR Stakeholder Engagement Lead
Australian Energy Market Operator

Submitted via email to wdr@aemo.com.au

Dear Ms Brodie,

Wholesale Demand Response Baseline Eligibility Compliance Metrics Policy

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to Australian Energy Market Operator's (AEMO) issues paper on the Wholesale Demand Response (WDR) Baseline Eligibility Compliance Metrics Policy (the Policy).

Wholesale demand response benefits energy consumers at a system and individual level, as well as the broader community, by reducing emissions and helping with the transition of the energy system. While relatively minor at the outset, the value to consumers and the market of demand response will grow as the WDR mechanism is established and matures. These benefits and AEMO's role in realising them through the design and operation of the WDR market should be reflected in its approach to its baselining eligibility and compliance metrics policy.

AEMO acknowledges the role baseline eligibility settings will have in establishing an effective WDR mechanism. PIAC supports AEMO proposing an accuracy threshold of 20%, above that considered 'good' in the RERT. We recommend AEMO monitor how this threshold is encouraging WDR to be provided and whether it is maximising benefits for consumers from the mechanism.

PIAC is concerned AEMO's proposal to determine, at its discretion, the eligibility excluded days for a NMI may create uncertainty, potentially increasing barriers for DRSPs. AEMO defines 'eligibility excluded days' as ones on which NMI load is not measurable or is deemed to be far outside the usual for the NMI. In order to improve consistency and predictability of eligibility for DRSPs, we suggest the AEMO set out specific types of events and circumstances that would result in a day being excluded.

Level 5, 175 Liverpool St
Sydney NSW 2000
Phone: 61 2 8898 6500
Fax: 61 2 8898 6555
www.piac.asn.au
ABN: 77 002 773 524

We strongly urge AEMO to take an approach to WDR settings that encourages the development of the mechanism and prioritises predictability, measurability and operability only to the extent necessary to realise benefits for consumers.

It is not optimal for AEMO to aim to minimise the risk of inaccuracy or bias alone. AEMO should aim to co-optimize risk management with incentivising participation to ensure WDR develops and delivers its intended benefits of lower wholesale prices, more efficient energy systems, and a faster transition to zero-emissions energy.

We welcome the opportunity to discuss these matters further with AEMO.

Yours sincerely

Anna Livsey
Policy and Communications Officer
Public Interest Advocacy Centre

Direct phone: +61 2 8898 6520
E-mail: alivsey@piac.asn.au