Wholesale demand response – consultation paper: stakeholder feedback template

The template below has been developed to assist stakeholders in providing their feedback on the questions posed in this paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the consultation paper.

Organisation:

Contact name:

Contact details (email / phone):

| Questions | | Feedback |
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| **Chapter 4 – Assessment framework** | | |
| * **Question 1: Assessment framework** | | |
| A) | Do stakeholders agree with the proposed assessment framework? Alternatively, are there additional principles that should be taken into account? |  |
| **Chapter 5 – Issues for consultation** | | |
| * **Question 2: Nature of the issue raised** | | |
| A) | Is it difficult for consumers to participate in wholesale demand response? If so, which consumers face the greatest amount of difficulty? What is the cause of this difficulty? |  |
| B) | What demand response providers and products are currently available in the market? |  |
| C) | Is there effective competition for demand response as a service to be used by retailers? If not, are consumers able to access the benefits of wholesale demand response directly? Is competition for wholesale demand response as a service increasing? |  |
| * **Question 3: Wholesale demand response currently in the NEM** | | |
| A) | Do stakeholders have views on the existing levels of wholesale demand response in the NEM? Please provide evidence or data to substantiate these views where possible. |  |
| B) | Can retailers indicate to the Commission what they are currently doing to facilitate wholesale demand response? |  |
| * **Question 4: Approach for facilitating transparent, price responsive demand** | | |
| A) | Do stakeholders consider there are other regulatory solutions to:   1. providing the demand side with greater access to wholesale prices, and 2. increase the transparency of demand side response to these prices? |  |
| * **Question 5: Efficient consumption of electricity** | | |
| A) | Do stakeholders agree with our characterisation of how efficient wholesale demand response would improve outcomes in the wholesale market? |  |
| B) | What are stakeholders’ views on how facilitating wholesale demand response could affect outcomes in the wholesale energy market? |  |
| **Question 6: Competition for wholesale demand response services** | | |
| A) | Are consumers able to access competitive offers from retailers or third parties to assist consumers to undertake wholesale demand response? Is the level of competition greater for larger consumers? |  |
| **Question 7: Demand response participating as a scheduled load** | | |
| A) | Has the Commission appropriately characterised the benefits of increasing transparency relating to wholesale demand response? |  |
| B) | Do stakeholders consider that if demand response were to participate in the wholesale market, it should do so as a scheduled load (rather than scheduled "negawatts")? Would the pros and cons of participating as a scheduled load differ for different types of demand response providers, e.g. those that have demand response controls on all or only part of their load? |  |
| C) | Do stakeholders consider the obligations placed on scheduled load remain appropriate in the context of demand response? If not, how might they be changed to better allow loads to participate in central dispatch? |  |
| D) | Which information provision processes should a demand response provider participate in, i.e. pre-dispatch, ST-PASA, MT-PASA? |  |
| E) | How should compliance with dispatch targets and the causer pays procedure apply to demand response providers? |  |
| **Question 8: Reducing barriers to a range of demand response** | | |
| A) | To what extent will these mechanisms facilitate more demand side participation throughout the NEM? |  |
| **Question 9: Costs of implementing mechanisms** | | |
| A) | What is the extent of the upfront costs that would be imposed on participants to introduce the proposals outlined in the rule change requests? Please provide evidence or data to substantiate these views where possible. |  |
| B) | Will demand response providers have sufficient information regarding expected revenue to make commercial decisions regarding the cost/benefit trade-off to participate in the mechanism? |  |
| **Question 10: Reducing extent of upfront costs** | | |
| A) | Do stakeholders have suggestions for ways these upfront costs could be minimised? E.g. could there to be savings by making changes at the same time as other systems changes? |  |
| **Question 11: Indirect costs of proposals** | | |
| A) | What is the likely extent of any indirect costs imposed through these proposals? |  |
| B) | How could any such costs be minimised? |  |
| **Question 12: Risk allocation for baselines** | | |
| A) | Do stakeholders have views on how risks and costs can be best allocated under a baseline used for demand response? |  |
| **Question 13: Retailer participation** | | |
| A) | Is it necessary to place an obligation on retailers to participate in the mechanism for it to address the issues raised by the proponents? |  |
| B) | Are there additional obligations these proposals would place on retailers, and do they differ between the proposals? |  |
| **Question 14: Embedded generation and storage** | | |
| A) | Do stakeholders have preliminary views about the ability for the proposed mechanisms to accommodate embedded generation, in the form of reduced consumption of electricity from the grid in high price periods? |  |
| B) | Do stakeholders have preliminary views about the ability for the proposed mechanisms to accommodate, as demand response, increased consumption during low price periods (whether due to charging batteries, increasing production or any other action by the customer)? |  |
| **Question 15: Thresholds for participation in a mechanism** | | |
| A) | What thresholds, if any, should apply to participation in the mechanism for individual consumers and aggregated portfolios? For example, large consumers as opposed to small consumers; a MW size threshold? |  |
| B) | Should there be thresholds at which different scheduling obligations apply? |  |
| **Question 16: Implementation timeframes** | | |
| A) | How long do stakeholders think would be reasonably required to implement the proposals as set out in the rule change requests? |  |
| B) | How could the implementation timeframe be reduced? What trade-offs may need to be made to the design to achieve this? |  |
| **Appendix A – Wholesale demand response mechanism** | | |
| * **Question 17: Centrally determined baselines** | | |
| A) | How important is it to design against the possibility for bias and gaming? |  |
| B) | How can a baseline methodology appropriately align incentives such that the risk of systemic bias is minimised? |  |
| * **Question 18: Accuracy of baselines** | | |
| A) | How important is it that the baseline methodology is able to accurately estimate consumption? |  |
| B) | What administrative mechanisms would improve baseline accuracy without imposing excessive burdens? For example, regular review of baseline methodologies by independent experts, or cross-checking against consumption data from customers that are similar to the demand response provider but are not engaging in demand response. |  |
| C) | Can a baseline accurately account for embedded generation and other dynamic resources that might exist behind the meter? |  |
| D) | Should a wholesale demand response mechanism apply only to the types of customers for which baselines can be accurately set, and if so, what types of customers should be eligible? |  |
| E) | How should long-term or permanent changes in a customer's overall level of demand be addressed in baselines?  For example, factories may add or retire production lines; households may increase or decrease in size, and may install or remove equipment such as batteries, pool pumps or solar panels. |  |
| * **Question 19: Settlement under the wholesale demand response mechanism** | | |
| A) | Do stakeholders consider one of the settlement options outlined to be preferable? How would this approach to settlement impose costs and risks on market participants? |  |
| * **Question 20: Other considerations for the wholesale demand response mechanism** | | |
| A) | Do stakeholders have views on these other considerations set out in the appendix?  (See pp. 62-63 of the consultation paper). |  |
| B) | Are there other considerations not raised that should also be considered when designing a wholesale demand response mechanism? |  |
| **Appendix B – Separate wholesale demand response market** | | |
| * **Question 21: Cost recovery for the separate market** | | |
| A) | What do stakeholders think about the proposed cost recovery arrangements for the separate market? |  |
| * **Question 22: Introduction of a separate market** | | |
| A) | Would the proposal set out in this appendix be faster to implement than the wholesale demand response mechanism? |  |
| B) | If stakeholders do not consider that it would be faster to implement, is there merit in exploring this as an alternative to the other proposed demand response mechanisms? What are the costs and benefits that should be considered in doing so? |  |
| C) | Are there any additional mechanisms that could be implemented more quickly than a wholesale demand response mechanism? |  |
| D) | What are stakeholder views on the feasibility of co-optimising this separate market with the existing wholesale market? |  |
| **Appendix C – Wholesale demand response register** | | |
| * **Question 23: Wholesale demand response register mechanism** | | |
| A) | What are stakeholder views on this option to facilitate demand response? |  |
| B) | What do stakeholders consider the benefits of this option would be? |  |
| C) | What do stakeholders consider to be the costs associated with this option? |  |
| D) | Are there any implications (regulatory or otherwise) that are not raised in the discussion of this option? |  |
| **Question 24: Standard wholesale demand response offer and mandatory wholesale price pass through offer** | | |
| A) | What are stakeholder views on these options to facilitate demand response? |  |
| B) | Do stakeholders consider these options to be preferable to a wholesale demand response register? |  |
| C) | Do stakeholders consider these options to be complementary to a wholesale demand response register? |  |
| **Appendix D – Load shedding compensation mechanism** | | |
| * **Question 25: Issues addressed by LSCM** | | |
| A) | Do stakeholders agree that reliability related load shedding inefficiently allocates risks to end consumers? Does the proposed LSCM address this issue? |  |
| B) | Would an LSCM facilitate greater levels of wholesale demand response? |  |
| * **Question 26: Benefits and issues associated with an LSCM** | | |
| A) | Do stakeholders agree with the outline of the benefits and challenges associated with the introduction of an LSCM? |  |
| B) | What other issues would need to be considered? |  |