

21 March 2019

Australian Energy Market Commission
Level 6, 201 Elizabeth Street
Sydney NSW 2000

Lodged online via: <https://www.aemc.gov.au/contact-us/lodge-submission>

Re: Draft rule determination: Enhancement to the Reliability and Emergency Reserve Trader (RERT) scheme

GreenSync welcomes the opportunity to comment on the Draft rule determination: Enhancement to the Reliability and Emergency Reserve Trader (RERT) scheme (the draft rule). We are a global energy-tech company connecting millions of energy resources to create more dynamic energy networks. We work with Australia's leading electricity retailers and network providers to create more flexible and decentralised grids that can maintain stability and efficiency while absorbing more renewable energy.

We commend the AEMO and ARENA for their recent use of the RERT scheme as it provides an important alternative to procure additional assets to support the system. We support the ongoing use of the RERT scheme to provide reassurance that, in times of extreme market conditions, additional assets will be made available to meet demand.

GreenSync's software is used by several retail clients to support their participation in RERT. We have also engaged in discussions with AEMO regarding the potential for us to provide RERT services from assets under our control. These discussions have helped inform our views and comments in response to the AEMC's draft rule. Our comments below relate to key changes made in the draft rule that address identified shortcomings in the initial RERT scheme.

Information and transparency

Under the draft rule, AEMO will standardise RERT products to reduce procurement process complexity and will recover RERT dispatch costs from those that were consuming at the time (and thereby contributed to the need for the RERT). AEMO will also provide additional information to market participants and potential RERT providers.

We welcome enhanced transparency and information in the RERT scheme as a means of enhancing planning and certainty to drive down costs for consumers. Transparent processes and timely

information flows are particularly important for smaller market participants that don't have large trading desks.

Length of time to contract

The draft rule will extend the length of time to contract from nine months to 12 months ahead of a projected shortfall. While we appreciate that the benefits of longer lead times must be weighted against the cost of doing so, we consider that the extra time is important for broadening the pool of potential emergency reserve providers to reduce the costs associated with the RERT.

As identified in the draft determination, a longer lead time will encourage more demand response and behind the meter technologies that typically require more time to sign up customers, install equipment, and set up portfolios of services capable of providing emergency reserve services. The 12-month lead time will also be consistent with the Retailer Reliability Obligation (RRO) that is currently being developed by the Energy Security Board.

Guidance on procurement costs

The draft rule enables AEMO to utilise a guide for purchasing RERT contracts, with a \$/MWh cap to be estimated by AEMO and reflect the avoided cost of load shedding. We support the limiting of distortions and minimisation of costs by the introduction of a payment guide and suggest that RERT procurement costs should be in line with the AER's Value of Customer Reliability.

Strengthened out-of-market provisions

We support the prevention of market distortions that the draft rule's strengthening of out-of-market provisions is intended to achieve. However, it is important that the new rules be sufficiently clear to avoid confusion and uncertainty that could otherwise impose undue risk on innovative market participants. While we note the Commission has gone a long way to clarify 'market' for the purpose of the strengthened provisions, we believe that additional examples should be added to assist in guiding AEMO and the RERT panel in contracting for RERT services.

We agree, as identified in the draft determination, that the spot energy market and retail energy market fall within the scope of 'market', meaning that assets participating in these markets within the previous 12 months cannot participate in the RERT scheme. Similarly, we support the Commission's conclusion that FCAS, NSCAS, and any other non-market services or ancillary services are distinct services and providers should be able to provide both RERT services as well as these separate non-energy services. However, it remains unclear whether network support contracts which are struck outside of the NSCAS arrangement (for example, those for non-wires alternatives) are considered a 'distinct service contract', 'ancillary services' or 'non-market services', and we would ask that the Commission make it completely clear that these assets (providing network support outside NSCAS) would be eligible to participate in the RERT.



We also want to further emphasise that the provision of a 12 month prior to agreement and 12 months from agreement will potentially lock out service providers who would otherwise be able to participate. As such we ask the Commission to consider including a transition period for the 12 months post final determination for this rule in order to ensure available assets can participate in RERT where they are able to guarantee they will not participate 'in the market' in the contracted period, going forward.

The Commission has identified a possible coordination problem in circumstances where AEMO requires the RERT service at the same time as a 'distinct service contract' (such as NSCAS) applies. In our view, coordination is resolved through agreement (or lack thereof) with the Reserve Provider and the time when both services are required.

We appreciate the opportunity to comment on the Commission's draft rule determination. While we consider that additional clarity is required in relation to the application of the new provisions, we welcome the spirit of the draft rule insofar as it seeks to enlarge the pool of participants and supporting technologies that can provide RERT services. In this sense the draft rule is consistent with other reform processes aimed at introducing a functioning wholesale demand response mechanism and moves to integrate virtual power plants into AEMO's market information and operational decision making. Solving the functional challenges of energy markets will require the capability and innovation of diverse market participants, including new and recent entrants, and we support the Commission's efforts to progress reforms to expand energy service participation.

For queries in relation to these comments, please contact Bridget Ryan on 0402 115 589 or bridget.ryan@greensync.com.

Your sincerely,



Bridget Ryan

Policy and Government Lead

