



INFORMATION

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Implementing Integrated Energy Storage Systems

Overview of AEMO's rule change request

On 21 December 2022, the AEMC received a rule change request from the Australian Energy Market Operator (AEMO) seeking amendments related to the implementation of the Integrating Energy Storage Systems into the NEM rule (IESS rule). AEMO has proposed three core amendments and some additional amendments to the IESS rule which aim to reduce implementation costs, improve clarity and reduce uncertainty in its implementation. The AEMC also proposes to make some minor and administrative amendments to the IESS rule.

Context

The IESS rule was made on 2 December 2021 to better integrate storage and hybrid facilities¹ into the NEM. It made a number of changes to allow greater market participation of storage and hybrid facilities, notably introducing a new registration category, the Integrated Resource Provider (IRP), to allow these systems to participate in a single registration category rather than under two different categories.

The IESS rule included an initial release date of 31 March 2023, and a final release date of 3 June 2024, covering the commencement of the key changes in the rule. In preparing for its implementation, AEMO identified some issues and has proposed amendments which aim to reduce implementation costs, avoid potential market uncertainty and align rules drafting with other regulatory processes. The proposed changes are not intended to re-open the broader policy positions from the IESS rule.

Issues for consultation

Stakeholders are invited to comment on issues raised in the consultation paper related to AEMO's proposed amendments regarding the implementation of the IESS rule. The three core proposed amendments are:

1. allow generating units to participate in aggregated dispatch conformance (ADC), as opposed to IRPs only
2. remove the option for bidirectional units (BDUs) and semi-scheduled generating units to submit fast-start inflexibility profiles
3. align the implementation date of changes to non-energy cost recovery calculations with the start of the NEM billing week on Sunday 2 June 2024 as opposed to Monday 3 June 2024.

The additional amendments are:

1. in the clauses about classification of scheduled generating units, non-scheduled generating units and semi-scheduled generating units, replace the term 'part of a group of generating units' with 'part of a group of production units' so that the nameplate rating of BDUs in the group is taken into account when assessing whether the 30 MW threshold is met for classification purposes
2. in the classification of market connection points, remove the requirement for a customer who is also a local retailer to classify 'any load at' a connection point

¹ Hybrid facilities refer to a grid-scale facility that has a group of assets that are co-located behind a single connection point that allow a registered participant to both consume and export significant amounts of electricity from or to the grid. This does not refer to aggregators of small customers with solar panels and batteries.

3. in the classification of connection points as ancillary service units, clarify the requirement for consent of the end user at the connection points
4. in the requirements for a distribution network service provider to calculate a site specific distribution loss factor, remove the reference to where a generator 'or small generation aggregator' meets the reasonable cost, given that IRP already includes a small resource aggregator
5. enable AEMO to grant exemptions to metering providers with type 4 metering installations installed prior to 1 December 2018 as opposed to 1 July 2021, to align the ability for AEMO to grant exemptions for metering installations to comply with the data storage requirements under 5-minute settlement.

Through this rule change, the AEMC also proposes to address other minor and administrative amendments to the IESS rule to improve its clarity and reduce uncertainty with its implementation.

Consultation process

Stakeholders are invited to make written submissions by 30 March 2023 and are encouraged to use the stakeholder submissions template when providing feedback. Written objections to the expedited process must be lodged by 16 March 2023.

The Commission proposes to use an expedited process for this rule change on the grounds that it is non-controversial. One round of consultation will be conducted before publishing the final determination on 4 May 2023,² provided no valid objections are received.

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² The AEMC has decided to extend the standard eight week expedited process to nine weeks under section 107 of the NEL, on the basis that the rule change request raises issues of complexity in relation to the legal implementation of AEMO's proposed solutions, particularly regarding aggregated dispatch conformance.