

12 February 2015

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Level 22
530 Collins Street
Melbourne VIC 3000

Postal Address:
GPO Box 2008
Melbourne VIC 3001

T 1300 858724
F 03 9609 8080

Lodged via website: <http://www.aemc.gov.au/Contact-Us/Lodge-a-submission.aspx>

Dear Mr Pierce

Your Reference: ERC0174

**Submission on Draft Rule Determination - Improving Demand Side Participation
Information provided to AEMO by Registered Participants**

AEMO appreciates the opportunity to submit comments on the Australian Energy Market Commission's (AEMC) Draft Rule Determination: National Electricity Amendment (Improving demand side participation information provided to AEMO by registered participants) Rule 2014.

The draft rule has the potential to increase the scope and quality of demand side participation (DSP) information provided to AEMO, to help with the development of more accurate forecasts.

Under the draft rule, AEMO would be required to develop DSP information guidelines in consultation with registered participations. The key focus of the consultation would be to determine the benefit of the information provided, and the cost of compliance to participants. To this end, the consultation would include at least the following:

- Definitions and categories of DSP.
- Information available to different participants, including information:
 - available to the same class of participants in different jurisdictions
 - already available to AEMO
 - best supplied by non-registered participants.
- Cost to participants of providing information, including:
 - timing and form of information delivery
 - duplication of information requests.
- How AEMO would assess and use available information, including:
 - its suitability for use in forecasting models at different time horizons
 - benefits of its inclusion in forecasting models, and the associated challenges and limitations
 - verifying the information provided
 - improvements to forecasting models

- preserving confidentiality of information.
- Process of updating guidelines as the level of DSP in the market changes or other related demand side initiatives are implemented.

AEMO supports the general form of the AEMC's preferred draft rule, with the following comments:

1. The addition of the proposed 3.7D(i) would oblige AEMO to report at least annually on the performance of the guidelines. This proposed clause conflicts with 3.7D(c)(5), which already obliges AEMO to include a reporting function within the guidelines. As part of the guideline development, AEMO would consult on the reporting function to determine the most appropriate report format and frequency, considering reasonable costs and benefits. AEMO considers that such obligations are better promoted within the guidelines themselves, rather than in the rules.
2. The inclusion of a mandatory three month delay in 3.7D(f) between guideline publication and data collection is not necessary, as AEMO would implement a reasonable notification period consistent with the compliance challenge created by the guidelines. A minimum notification period would be unnecessary in some circumstances, such as when the compliance burden is reduced.
3. The proposed definitions of "unscheduled generation" and "contracted demand side participation" would be useful inclusions in the rules. The draft wording is consistent with AEMO's understanding. Note that references to "unscheduled generation" require italics.

Should you have any questions in relation to this submission, please contact Kerry Galloway on (03) 9609 8377 or at Kerry.Galloway@aemo.com.au.

Yours sincerely



Mike Cleary
Chief Operating Officer