



## **Draft National Electricity Amendment (Demand Response Mechanism and Ancillary Services Unbundling) Rule 2016**

under the National Electricity Law to the extent applied by:

- (a) the National Electricity (South Australia) Act 1996 of South Australia;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (d) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (e) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (f) the National Electricity (Victoria) Act 2005 of Victoria;
- (g) the National Electricity (Northern Territory)(National Uniform Legislation) Act 2015; and
- (h) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

John Pierce  
Chairman  
Australian Energy Market Commission

## **Draft National Electricity Amendment (Demand Response Mechanism and Ancillary Services Unbundling) Rule 2016**

### **1 Title of Rule**

This Rule is the *Draft National Electricity Amendment (Demand Response Mechanism and Ancillary Services Unbundling) Rule 2016*.

### **2 Commencement**

This Rule commences operation on 1 July 2017.

### **3 Amendment of the National Electricity Rules**

The National Electricity Rules are amended as set out in Schedule 1.

## Schedule 1      Amendment to the National Electricity Rules

(Clause 3)

### [1] New Clause 2.3AA      Market Ancillary Service Provider

After clause 2.3A, insert:

#### 2.3AA      Market Ancillary Service Provider

##### 2.3AA.1      Registration

- (a) A person who intends to offer and provide *market ancillary services* from one or more *market loads* connected to a *transmission or distribution system* may, upon application for registration by that person in accordance with rule 2.9, be registered by *AEMO* as a *Market Ancillary Service Provider*.
- (b) To be eligible for registration as a *Market Ancillary Service Provider*, a person must satisfy *AEMO* that the person intends to classify, within a reasonable amount of time, one or more *market loads* each as an *ancillary service load*.
- (c) A *Market Ancillary Service Provider* may classify a *market load* as an *ancillary service load* in accordance with clause 2.3.5.
- (d) A *Market Ancillary Service Provider's* activities only relate to *market loads* it has classified (in its capacity as a *Market Ancillary Service Provider*) as *ancillary service loads*, and only while it is also registered with *AEMO* as a *Market Ancillary Service Provider*.

### [2] Clause 2.3.1      Registration as a Customer

Omit clause 2.3.1(f) and insert:

- (f) A *Market Customer* may classify one or more of its *market loads* as an *ancillary service load* in accordance with clause 2.3.5.

### [3] Clause 2.3.5      Ancillary Services Load

Omit clause 2.3.5(a) and substitute:

- (a) If a *Market Ancillary Service Provider* or the *Market Customer* in respect of a *market load* wishes to use that *market load* to provide *market ancillary services* in accordance with Chapter 3, then the *Market Ancillary Service Provider* or *Market Customer* (as applicable) must apply to *AEMO* for approval to classify the *market load* as an *ancillary service load*.

#### **[4] Clause 2.3.5 Ancillary Services Load**

Omit clause 2.3.5(b) and substitute:

- (b) An application under clause 2.3.5(a) must be in the form prescribed by *AEMO* and:
  - (1) specify the *market ancillary services* which the *Market Ancillary Service Provider* or *Market Customer* (as applicable) wishes to provide using the relevant *market load*; and
  - (2) in the case of an application made by a *Market Ancillary Service Provider*, not be in respect of a *market load* that is a *scheduled load*.

#### **[5] Clause 2.3.5 Ancillary Services Load**

In clause 2.3.5(d) omit “the *Market Customer*” wherever appearing and substitute “the *Market Ancillary Service Provider* or *Market Customer* (as applicable)”.

#### **[6] Clause 2.3.5 Ancillary Services Load**

Omit clause 2.3.5(e) and substitute:

- (e) If *AEMO* is reasonably satisfied that:
  - (1) the *market load* is able to be used to provide the *market ancillary services* referred to in the application in accordance with the *market ancillary service specification*;
  - (1A) the *Market Ancillary Service Provider* or the *Market Customer* (as the case may be) has an arrangement with the *retail customer* at the relevant *connection point* for the supply of *market ancillary services*; and
  - (2) the *Market Ancillary Service Provider* or the *Market Customer* (as the case may be) has adequate communications and/or telemetry to support the issuing of *dispatch instructions* and the audit of responses,then *AEMO* must approve the classification in respect of the particular *market ancillary services*.

#### **[7] Clause 2.3.5 Ancillary Services Load**

In clause 2.3.5(f), omit “*Market Customer*” and substitute “*Market Ancillary Service Provider* or *Market Customer* (as applicable)”.

#### **[8] Clause 2.3.5 Ancillary Services Load**

In clause 2.3.5(g), omit “*Market Customer*” and substitute “*Market Ancillary Service Provider* and *Market Customer* (as applicable)”.

**[9] Clause 2.3.5 Ancillary Services Load**

In clause 2.3.5(g)(4), omit “*Market Customer*” and substitute “*Market Ancillary Service Provider* or *Market Customer* (as applicable)”.

**[10] Clause 2.3.5 Ancillary Services Load**

In clause 2.3.5(h) and 2.3.5(i), omit “*Market Customer*” wherever appearing and substitute “*Market Ancillary Service Provider* or *Market Customer*”.

**[11] Clause 2.3.5 Ancillary Services Load**

After clause 2.3.5(i), insert:

- (j) A *Market Ancillary Service Provider* and *Market Customer* (as applicable) must immediately notify *AEMO* if a *market load* it has classified as an *ancillary service load* ceases to meet the requirements for classification under clause 2.3.5.

**[12] Clause 2.4.1 Registration as a category of Market Participant**

After clause 2.4.1(a)(1A), insert:

- (1B) *Market Ancillary Service Provider*;

**[13] Clause 2.11.1 Development of Participant fee structure**

In clause 2.11.1(b)(4), omit “and”.

**[14] Clause 2.11.1 Development of Participant fee structure**

In clause 2.11.1(b)(5)(ii), omit “.” and substitute “; and”.

**[15] Clause 2.11.1 Development of Participant fee structure**

After clause 2.11.1(b)(5), insert:

- (6) the fixed component of *Participant fees* for a *Market Ancillary Services Provider* who is registered with *AEMO* solely for the purpose of providing *market ancillary services*, may be zero.

**[16] Clause 2.12 Interpretation of References to Various Registered Participants**

After clause 2.12(b)(1A), insert:

- (1B) a "*Market Ancillary Service Provider*" applies to a person registered as a "*Market Ancillary Service Provider*" only in so far as it is applicable to matters connected with the person's *ancillary service load*;

### **[17] Clause 2.12 Interpretation of References to Various Registered Participants**

After clause 2.12(b)(7)(i1), insert:

- (i2) where that person is registered as a *Market Ancillary Service Provider*, in so far as it is applicable to matters connected with the person's *ancillary service load*; and

### **[18] Clause 3.8.3 Bid and offer aggregation guidelines**

Omit clause 3.8.3(a1) and substitute:

- (a1) *Market Customers* or *Market Ancillary Service Providers* (as applicable) who wish to aggregate two or more *market loads* so they are treated as one *ancillary service load* for the purpose of *central dispatch*, must apply to AEMO to do so.

### **[19] Clause 3.8.3 Bid and offer aggregation guidelines**

In clause 3.8.3(b1)(1), omit "*Market Customer*" and substitute "person (whether in its capacity as a *Market Customer*, *Market Ancillary Service Provider* or both)".

### **[20] Clause 3.8.3 Bid and offer aggregation guidelines**

In clause 3.8.3(b1)(3), omit "2.3.5(e)" and insert "2.3.5(e)(1) and (2)".

### **[21] Clause 3.8.7A Market ancillary services offers**

Omit clause 3.8.7A(c) and substitute:

- (c) the MW quantities specified are to apply at the nominated *connection point* or, with AEMO's agreement, at any other point in the relevant electrical installation or on the *network*;

### **[22] Clause 3.8.7A Market ancillary services offers**

Omit clause 3.8.7A(f) and substitute:

- (f) *enabling prices* are to apply at the nominated *connection point* or, with AEMO's agreement, at any other point in the relevant electrical installation or on the *network*;

### **[23] Clause 3.8.20 Pre-dispatch schedule**

In clause 3.8.20(g), omit “its” and substitute “the relevant”.

## **[24] Chapter 10 Definitions**

In Chapter 10, substitute the following definitions:

### ***Directed Participant***

*A Scheduled Generator, Semi-Scheduled Generator, Market Generator, Market Ancillary Service Provider, Scheduled Network Service Provider or Market Customer the subject of a direction.*

### ***Market Participant***

*A person who is registered by AEMO as a Market Generator, Market Customer, Market Small Generation Aggregator, Market Ancillary Service Provider or Market Network Service Provider under Chapter 2.*

## **[25] Chapter 10 New Definitions**

In Chapter 10, insert the following new definition in alphabetical order:

### ***Market Ancillary Service Provider***

*A person who offers and provides market load as a market ancillary service under Chapter 2 and who is registered by AEMO as a Market Ancillary Service Provider under Chapter 2. The relevant person does not need to be the Market Customer for the relevant market load. For the purposes of these Rules, a Market Ancillary Service Provider is an Ancillary Services Provider.*