14 July 2022

Part of Energy Queensland

Mr Daniel Westerman
Chief Executive Officer
Australian Energy Market Operator
GPO Box 2008
Melbourne VIC 3001

Dear Mr Westerman

Draft high level design for Scheduled Lite

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex) welcome the opportunity to provide comments to the Australian Energy Market Operator (AEMO) on its consultation on the draft high level design for the Energy Security Council's (ESB's) proposed Scheduled Lite mechanism.

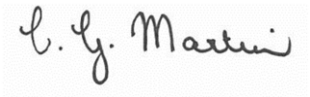
As Distribution Network Service Providers (DNSPs), Ergon Energy and Energex recognise the importance of flexible demand to the secure and reliable operation of the power system. We also acknowledge the potential for Scheduled Lite to lead to increased demand side participation which is a step towards the ESB's concept of a two-sided market.

Given the important role that DNSPs play in the management of the electricity system, it is essential for DNSPs to have greater visibility of the availability of demand side resources and the actions (both intended and actual) of participants in the Scheduled Lite mechanism.

Responses to the consultation questions are provided by Ergon Energy and Energex in the attached document.

Should AEMO require additional information or wish to discuss any aspect of this response, please contact me on 0438 021 254 or Peter Wall on 0436 423 112.

Yours sincerely



Charmain Martin
Acting Manager Regulation

Telephone: 0438 021 254
Email: charmain.martin@energyq.com.au

Encl: *Ergon Energy and Energex responses to the consultation questions.*

Ergon Energy Network and Energex responses to AEMO Scheduled Lite: Draft High Level Design consultation paper

Consultation Questions	Draft response
Participation in Scheduled Lite	
1. Would AEMO's proposed participant registration process be suitable for large energy users, or should AEMO consider alternative means of registration for these participants?	No comment.
2. Are the proposed participation models for end user connection points appropriate to support participation of these resources? Are there other arrangements that should be considered?	Energex and Ergon Energy support the voluntary (opt in) and flexible aspects of the design of the Scheduled Lite participation model. We also recognise the optionality around whether and how DER resources are separated for participation. Given the model for the ESB's Flexible Trading Arrangements is still under development, Energex and Ergon Energy support the separation of Scheduled Lite from Flexible Trading Arrangements.
3. Do you agree with the proposed classification and zonal aggregation process? Are there any further considerations that should inform this aspect of the proposed design?	No comment.
4. Do you agree with AEMO's proposed approach to implementing an aggregated capacity threshold of 5 MW for participation in the Dispatchability Model, including the ability for participants to 'graduate' from Visibility to Dispatchability once the threshold is met?	No comment.
5. **For DNSPs**: do you consider that information access analogous to that provided for WDR is sufficient? If not, what other information on participating Scheduled Lite Units do you consider DNSPs should have access to?	Ergon Energy and Energex consider that it is essential for DNSPs to receive information on NMIs that are participating in Scheduled Lite, as well as the NMI-level maximum reactive component. We also consider that it should be a requirement for participants to be connected via the DNSP's dynamic standard, where applicable, or for larger systems, compliant with DNSP SCADA requirements.

	Ergon Energy and Energex request that AEMO consider and provide further detail on how existing mechanisms used by DNSPs for controlling load would work alongside Scheduled Lite. We also suggest that analysis is required to determine how Scheduled Lite will work with connection standards, such as the Queensland Electricity Connections Manual, and whether the units will be compatible with programs such as dynamic connections and the backstop mechanism. For example, if switchboards need to be modified for this program, there will be impacts for DNSPs.
Visibility Model	
Data Types	
6. Are there any hurdles to providing the data that has been identified? 7. Are there other data types that are of value to the market and/or the networks that should be considered?	No comment.
Data Exchange/ Telemetry	
8. Are there any hurdles to providing the data (see Table 8) via the proposed data exchange channels?	No comment.
Operations	
9. Is there value in understanding the sensitivities provided by the Price Adjusted Demand Curve during operational timeframes? 10. Are there any further considerations for how this information should be made available?	No comment.
Incentives	
11. Are there any additional incentives that could be considered to encourage participation in the Visibility Model?	No comment.

12. **For market participants already providing contingency FCAS**: do you consider that participating in the Visibility Model would add significant additional costs?	
Compliance	
13. Do you agree with the proposed compliance arrangements whereby a participant would lose access to the incentives if they are not complying?	No comment.
General – Straw Design	
14. Does the proposed straw design for Visibility Model represent a feasible model? 15. Would there be any hurdles for a VPP to participate in the Visibility Model? 16. Based on your understanding of participation requirements, would there be sufficient incentives to participate in the Visibility Model?	No comment.
Dispatchability Model	
Data Exchange/ Telemetry	
17. Are there any hurdles to providing the data (see Table 11) via the proposed data exchange channels?	No comment.
Constraints	
18. Do you agree with the proposed requirements associated with DOEs? Are there any other relevant requirements associated with DOEs that should be considered, taking into account the scope of Stage 1 (see section 2.7)?	Ergon Energy and Energex have already commenced work on implementing dynamic operating envelopes for small generation connections (refer to our published standards STNW3510 and STNW3511), where envelopes will be sent directly to each connection, rather than via an aggregator. The customer's equipment could then communicate this information to the Trader for the participating unit. We also note that this approach could also reduce administrative complications if a customer chose to change Traders.

Bids	
19. Taking into consideration the proposed minimum size requirements and minimum compliance arrangements, does the proposed threshold of 1 MW as the minimum incremental bid quantity represent a hurdle to participation?	Ergon Energy and Energex consider that reducing the incremental bid threshold below 1 MW should only be considered once it can be proven that the additional benefit of smaller incremental bids exceeds the cost to upgrade AEMO systems to enable it.
Dispatch	
20. Are there any additional considerations that should be given to the Dispatchability Model for the dispatch process compared to utilising the existing processes for scheduled resources?	Ergon Energy and Energex consider that in order to ensure a smooth and stable response, the ramp rates for active and reactive power responses for non-registered generating systems and loads should be defined. We note that although AS4777.2 2020 makes reference to power rate limits, these are nominal rather than mandated. Further, no such provisions currently exist for flexible loads.
21. Are there any alternative arrangements that should be considered for the types of resources expected to participate in Scheduled Lite?	No comment.
Operations	
22. Are there any barriers to providing availability forecast information?	Ergon Energy and Energex note that there may be challenges for aggregated systems where network constraints are not visible to Traders in advance. However, this could be mitigated by building assumptions of constraints into the system availability.
Incentives	
23. Are there any additional incentives that could be considered to encourage participation in the Dispatchability Model? 24. For non-scheduled generators with a nameplate capacity of between 5MW and 30MW: do you consider that participating in	No comment.

the Dispatchability Model would add a significant level of additional costs?	
Compliance	
25. Are the proposed compliance arrangements for the Dispatchability Model workable for DER and flexible demand?	Ergon Energy and Energex consider that for DER and flexible demand, the lighter-handed compliance arrangements used in the Wholesale Demand Response mechanism appear suitable for use in the Dispatchability Model. However, in the event of non-compliance, AEMO could also consider issuing a warning followed by an automatic switch to the Visibility Model.
General – Straw Design	
26. Does the proposed straw design for Dispatchability Model represent a feasible model? 27. Would there be any hurdles for a VPP to participate in the Dispatchability Model? 28. Based on your understanding of participation requirements, would there be sufficient incentives to participate in the Dispatchability Model?	No comment.
Operating Model – Opt-in Arrangement	
Visibility Model	
29. Are the proposed opt-in arrangements for the Visibility Model workable for DER and flexible demand? Are there any further considerations that should inform the proposed opt-in arrangement?	Energex and Ergon Energy consider that the opt in arrangements for the Visibility Model are appropriate. However, we suggest that AEMO should also consider the potential for this model to erode network load control (e.g. control load tariffs and network support arrangements). This could lead to a situation where DNSPs are required to purchase load control from the market at a greater cost than under existing arrangements. We consider that networks should be given priority access to these resources in certain circumstances, similar to the way in which AEMO can call upon network load control (free of charge) for emergency events.

Dispatchability Model	
30. Are the proposed opt-in arrangements for the Dispatchability Model workable for DER and flexible demand? 31. Are there any further considerations that should inform the proposed opt-in arrangement?	No comment.