



21 December 2018

Matt Armitage
Principal Analyst
AEMO
GPO Box 2008 Melbourne VIC
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Submitted via email:
DERProgram@aemo.com.au

Dear Mr Armitage,

NEM Virtual Power Plant Demonstrations Program

SIMEC ZEN Energy (SZE) appreciates the opportunity to submit a response to the Australian Energy Market Operator's (AEMO) consultation paper, *NEM Virtual Power Plant (VPP) Demonstrations Program* (the consultation paper). Given its business objectives, SZE is keen to participate in the VPP demonstration program in order to assist in the shaping of frameworks as to how VPPs will interact with energy and ancillary services markets.

SZE is one of Australia's leading and most experienced renewable energy companies, providing energy solutions to its customers including, businesses and government. In a market focused on cost, reliability and sustainability, SZE partners with our customers to deliver innovative, flexible and transparent energy solutions that deliver value. This includes pursuing VPP opportunities that can effectively deliver benefits to our customers – and to our overall operational capability.

SZE's experience to date, in dealing with its customers, is that where opportunities exist which deliver a financial return in relation to their energy use, they are actively seeking to do so. In fact, with the support of the South Australian (SA) Government and the City of Adelaide, we have already delivered several batteries in SA that provide energy cost savings through the reduction of maximum energy demand. SZE considers that customer interest, coupled with existing and potential future VPP subsidy programs, will only hasten the uptake of VPPs in the NEM.

SZE notes that since the commencement of the NEM, there have been specific instances where investment in assets (supply and demand side) have had a significant – unforeseen – impact on the market overall. Specifically, reverse cycle air conditioning and residential solar PV uptake occurred without an effective assessment of how they would integrate and without appropriate regulatory settings being in place. Accordingly, SZE considers that it is prudent that AEMO undertake this preparation, in relation to the uptake of VPPs, to ensure their effective integration into the NEM and to minimise the possibility of their uptake diminishing security and reliability.

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In conclusion, SZE considers that VPPs can deliver positive benefits to customers, market participants and the market overall. SZE is keen to participate in the VPP demonstration program as it grows its VPP footprint.

Please do not hesitate to contact me, if you require further advice, in relation to this matter.

Yours faithfully

A handwritten signature in black ink, appearing to read "Simon Camroux".

Simon Camroux
Head of Regulation
SIMEC ZEN Energy