

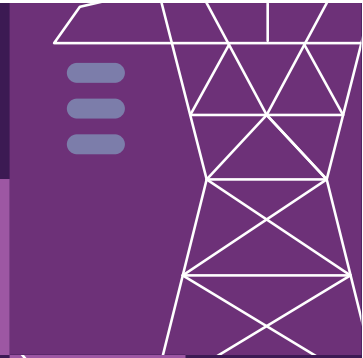
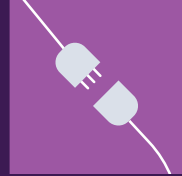
Demand side participation information guidelines

Final Report – Standard consultation
for the National Electricity Market

Published: 20 December 2023

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Executive summary and consultation notice

The publication of this final report concludes the second stage of the standard consultation procedure conducted by AEMO to review the Demand Side Participation Information (DSPI) Guidelines (the Guidelines), through which AEMO sought submissions from stakeholders on:

- whether changes should be made to the information collected,
- whether the process, or portal used, to collect the data should change, and
- whether the quality of the information submitted could be improved,

in order to maintain the Guidelines as required under National Electricity Rules (NER) 3.7D(e).

This consultation has followed the standard rules consultation procedure described in NER 8.9.2.

In response to the draft changes proposed by AEMO for the Guidelines¹ and the reasoning outlined in the DSP Information Guidelines draft report², AEMO received written submissions from four stakeholders that collectively contained feedback on:

- splitting the DSP response for load increases and load decreases into separate fields
- keeping the DSPI portal open for submissions throughout the year, but noting that mandatory submissions must be made by all registered participants during April each year
- the inclusion of an optional question on the duration of DSP response
- validation of information submitted to the DSPI portal
- the participants that provide information in the DSPI portal.

This final report sets out the feedback received on the above topics, together with AEMO's responses and how the feedback has been considered in developing the final Guidelines, which are published alongside this final report. Only minor changes have been made to the final Guidelines compared to those proposed in the draft Guidelines.

¹ https://aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2023/dsp-forecasting-methodology-and-dsp-information-guidelines-consultation/second-stage/draft-dsp-information-guidelines-tracked-changes.pdf

² https://aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2023/dsp-forecasting-methodology-and-dsp-information-guidelines-consultation/second-stage/dsp-information-guidelines-draft-report.pdf

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1. Stakeholder consultation process

AEMO must maintain its DSPI Guidelines in accordance with National Electricity Rules (NER) 3.7D(e). Apart from any minor or administrative changes, any revisions must be consulted on in accordance with the Rules consultation procedures set out in NER 8.9.

AEMO has also concluded the second stage of consultation to review its DSP forecast methodology³ to satisfy the requirements in the Australian Energy Regulator's (AER's) Forecasting Best Practice Guidelines (FBPG), which require that AEMO review its Forecasting Approach at least once every four years. As information on DSP collected through the process governed by the Guidelines is a key input into the DSP forecast methodology, AEMO has consulted on the DSP forecast methodology in parallel, to ensure the DSPI process supports the methodology that applies it.

Note that this document uses terms defined in the NER, which are intended to have the same meanings.

AEMO's process and timeline for this consultation are outlined below

Table 1 Consultation process and timeline

Consultation steps	Dates
Publication of consultation paper, with stakeholder consultation for this paper commencing.	1 September 2023
Discussion at Forecasting Reference Group meeting	27 September 2023
Submissions on consultation paper due	29 September 2023
Publication of draft determination and draft methodology, with stakeholder consultation for these papers commencing.	31 October 2023
Final day for submissions on draft determination	28 November 2023
Publication of final determination and final methodology to be applied in 2024 Electricity Statement of Opportunities and other relevant reliability modelling.	20 December 2023

As per NER 3.7D(h), changes to the Guidelines (other than minor or administrative amendments) may only commence a minimum of three months after the date of publication. With the publication of this report on 20 December 2023, the Guidelines will come into effect on 20 March 2024, in advance of the DSPI portal opening on 1 April 2024.

AEMO received four submissions to the stage one consultation paper and a further four submissions on its draft report and draft Guidelines, which addressed the earlier feedback on the consultation paper.

AEMO thanks all stakeholders for their feedback on the consultation issues and the draft methodology. AEMO has considered the submissions provided at each stage of the consultation process, and they have enabled the preparation of this final report.

As noted, concurrent with this consultation, AEMO has also been consulting on the DSP forecast methodology. Stakeholders may benefit from reading this final report in conjunction with the final report for that consultation.

³ The consultation for the DSP Forecast Methodology is available at <https://aemo.com.au/consultations/current-and-closed-consultations/demand-side-participation-forecasting-methodology-and-dsp-information-guidelines-consultation>.

Beyond the points raised for consultation, it should be noted that AEMO has also made minor and administrative changes to the Guidelines related to the *Integrating energy storage systems into the National Electricity Market (NEM)* rule change (IESS Rule Change)⁴.

⁴ See <https://www.aemc.gov.au/rule-changes/integrating-energy-storage-systems-nem>.

2. Background

2.1. Context for this consultation

The previous consultation on the Guidelines was undertaken in 2020. There are two main drivers for consulting on this again:

- AEMO's consultation on its DSP forecasting methodology, as required under the FBPG, which informs the DSPI required for AEMO's load forecasting process.
- Ensuring regular validation and, if required, revision of the DSP data collected and how it is collected, to ensure compliance is reasonably cost-efficient compared to the likely benefits from the use of the DSPI in forecasting load as per NER 3.7D(f)(1).

2.2. Principles relevant to this consultation

AEMO developed the following principles to guide this consultation's considerations and priorities.

The DSPI and the DSPI portal collecting the data defined in the Guidelines should:

- Efficiently support the needs of AEMO's forecasting processes, in terms of effort both to AEMO and to participants.
- Avoid duplication of participant effort across multiple data collection processes where possible.
- Comply with AEMO's confidentiality and privacy obligations and policies.
- Be simple and intuitive, or to the extent the subject matter is inherently complex, include guidance to participants on how to complete their processes within the DSPI Portal.
- Be flexibly designed to support evolution of the requirements without needing major changes.

2.3. The national electricity objective

Within the specific requirements of the NER applicable to this proposal, AEMO will seek to make a determination that is consistent with the national electricity objective (NEO) and, where relevant, to select the one best aligned with the NEO. The NEO is expressed in section 7 of the National Electricity Law as:

to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system; and
- (c) the achievement of targets set by a participating jurisdiction—
 - (i) for reducing Australia's greenhouse gas emissions; or
 - (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

3. List of material issues

AEMO received four submissions, including one informal submission via email, on the draft Guidelines and draft report. The three formal written submissions are published on the consultation webpage and are from the following stakeholders:

- Energy Queensland (EQ)
- Origin Energy (Origin)
- The Institute for Energy Economics and Financial Analysis (IEEFA)

The informal feedback was received via email and has not been published at the submitter's request.

The list of all material issues raised in the first and second stage of the consultation process is included in Table 2, below.

Table 2 List of material issues

No.	Issue	Raised by	Report section
1.	Duration of DSP response	Stage 1: EQ, EUAA ⁵ , Shell Energy	Draft report 4.1
		Stage 2: EQ, IEEFA	Final report 4.1
2.	Enhanced information about Future DSP	Stage 1: EQ, EUAA, Shell Energy	Draft Report 4.2
3.	Expanding and validating information on DSP programs	Stage 2: IEEFA, Origin	Final Report 4.2
4.	Additional information on DSP programs that increase demand	Stage 1: Shell Energy	Draft Report 4.3
		Stage 2: EQ, IEEFA	Final Report 4.3
5.	Time window allowed for DSPI portal submissions	Stage 1: EQ, EUAA, Shell Energy, QEUN	Draft Report 4.4
		Stage 2: EQ, Origin, IEEFA	Final Report 4.4
6.	Improved understanding of DSP process and portal	Stage 1: EQ, EUAA, Shell Energy	Draft Report 4.5
7.	Allowing emails to be used to update submissions	Stage 1: EQ, EUAA	Draft Report 4.6

For material issues raised in the first stage of the consultation process, Table 2 contains a reference to the sections of the Guidelines draft report in which the issue was considered and addressed by AEMO in the draft Guidelines.

Each of the material issues raised in the second stage of the consultation process are discussed below in section 4 in the sections referred to in the bold text in Table 2.

⁵ Energy Users Association of Australia

4. Discussion of material issues

4.1. Duration of DSP response

4.1.1. Issue summary and submissions

In the draft Guidelines, AEMO included an optional field which sought information on the typical duration of response for the DSP program being entered into the portal. In response to this draft change:

- EQ supported the inclusion of an optional question on DSP duration, however requested that AEMO provide guidance of an upper and lower bound range on DSP forecast duration.
- IEEFA supported AEMO asking for the typical duration of DSP programs, but also suggested that AEMO ask for minimum and maximum response duration as part of this question.

4.1.2. AEMO's assessment

Regarding EQ's feedback, AEMO notes that the optional question in the Guidelines seeks information on the historical duration of existing programs and is therefore not asking about future duration. Should sufficient information be gathered from this optional field, it may inform AEMO's DSP forecasts and should that be the case, AEMO will be transparent about its duration assumptions.

AEMO agrees with IEEFA that expanding the optional question in the Guidelines to also include minimum and maximum response duration is worthwhile. Given this is an optional field, AEMO sees little downside in seeking the information, should it be available and relatively low cost for DSP providers to provide.

4.1.3. AEMO's conclusion

AEMO has added two optional duration questions seeking information on the potential maximum duration and likely minimum duration of the program, should they be available. Although a minimum duration that is non-zero may be difficult to estimate, there may be cases in which a DSP program would not operate unless it could do so for some minimum duration.

4.2. Expanding and validating information on DSP programs

4.2.1. Issue summary and submissions

In its submission on the Guidelines, IEEFA suggested that:

- AEMO cross-checks information from ARENA-funded flexible demand projects to ensure those projects are included in the forecasts
- AEMO seeks voluntary information from third-party demand response providers and aggregators.

Origin noted that several current and ongoing consultations, such as the Australian Energy Market Commission's *Integrating Price Responsive Resources into the NEM*⁶, may provide insights to AEMO to inform the guidelines and methodology.

4.2.2. AEMO's assessment

AEMO undertakes several validation checks as part of its process for using the information submitted in the DSP IP in its DSP forecasts. To the extent that there are inconsistencies between the DSP IP and other sources, AEMO will seek to clarify these with the relevant DSP information providers.

AEMO confirms that third party demand response providers and aggregators are already providing information into the DSP IP and this information is accounted for in AEMO's DSP forecasts.

AEMO will also continue to apprise itself of consultations relevant to DSP and demand flexibility more broadly, to inform its Guidelines and forecast methodology.

4.2.3. AEMO's conclusion

There are no changes required to the Guidelines in response to IEEFA's and Origin's above suggestions in their submissions.

4.3. Additional information on DSP programs that increase demand

4.3.1. Issue summary and submissions

In the draft Guidelines, AEMO split an existing field which, inherent in its design, did not allow for asymmetrical increases and decreases in DSP response. The draft Guidelines split the DSP response into different fields – one for a net demand decrease, as typically used to manage peak load or during high prices, and one for a net demand increase, which increasingly may be relevant to manage minimum demand periods.

Both IEEFA and EQ supported this change, however EQ noted that information providers would benefit from this change being discussed in a 2024 DSP webinar with providers of DSP information that AEMO had foreshadowed in the draft report.

4.3.2. AEMO's assessment

AEMO notes the support for the draft changes to the Guidelines. Regarding the suggestion for the DSP webinar to address these changes, AEMO agrees that all changes to the Guidelines should be discussed in the DSP webinar.

4.3.3. AEMO's conclusion

The draft changes have been confirmed in the final Guidelines and AEMO will devote some time in its DSP webinar to discussing these changes.

⁶ <https://www.aemc.gov.au/rule-changes/integrating-price-responsive-resources-nem>

4.4. Time window allowed for DSPI Portal submissions

4.4.1. Issue summary and submissions

In the draft Guidelines, AEMO proposed to keep the DSPI portal open all year, but retain an annual submission window throughout the month of April, to provide a clear ‘cut off’ date to provide AEMO with sufficient time for the preparation of DSP forecasts for the ESOO. Information could be submitted to the portal outside of this window, which may be considered in any subsequent analysis, for example, if AEMO considers it a material change and important to consider within an ESOO Update.

Origin and IEEFA both supported the change to keep the portal open year-round. EQ also acknowledged the change and suggested that AEMO’s proposed DSP webinar be held early in 2024 to support the transition to the new requirements.

4.4.2. AEMO’s assessment

AEMO notes the support for the draft changes to the Guidelines. Regarding the suggestion for a timely DSP webinar to enable a smooth transition to the updated Guidelines, AEMO agrees that early consultation on the changes to the DSPI portal opening times (as well as other changes to the Guidelines) will assist stakeholders to transition to the updated Guidelines.

4.4.3. AEMO’s conclusion

The draft changes have been confirmed in the final Guidelines and AEMO will schedule a webinar for DSP information providers in early 2024 to discuss the changes. The webinar details will be shared on the AEMO consultation page, together with an email to registered DSP providers.

5. Final determination on proposal

AEMO has prepared a final version of the Guidelines, which reflects the above conclusions and the changes proposed in the draft Guidelines where these were not raised in submissions during the second stage of the consultation process. The final Guidelines are published alongside this final report, together with a marked-up version which clearly presents the changes from the current Guidelines.