

# WHOLESALE DEMAND RESPONSE CONSULTATIVE GROUP

## Meeting notes

Meeting: Wholesale Demand Response Consultative Group (WDR CG).

Date: Tuesday, 23 June 2020

Time: 10:00 to 12:00

Location: WebEx only

Meeting Number: #01

Endorsed at: WDR CG meeting #02, Tuesday 21 July 2020

### Attendees:

AER	Adam Day
AGL	Kyle Auret
Aurora	Paul Grzinic
Bluescope Steel	Bridgette Carter
Brickworks	Melissa Perrow
C Q Energy	Damien Edwards
C Q Energy	Jack Yates
Electricity Exchange	Emeka Chukwureh
ENEL X	Elisabeth Ross
Energysaustralia	Georgina Snelling
ERM Power	Ben Pryor
Mondo Energy	Daniel Brass
Nyrstar	Greg Zooeff
Origin Energy	Shaun Cole
PIAC	Anna Livsey
Snowy Hydro	Panos Priftakis
Telstra Energy	Chris Murphy

Tesla	Emma Fagan
The Australia Institute	Dan Cass
AEMC	Mitchell Shannon
AEMO	Chris Espinoza
AEMO	Emily Brodie
AEMO	Gareth Morrah
AEMO	Greg Ruthven
AEMO	Katalin Foran
AEMO	Magnus Hindsberger
AEMO	Ruth Guest

**NOTE:** some attendees who joined through WebEx and phone may not have been identified. Please advise via email to [WDR@aemo.com.au](mailto:WDR@aemo.com.au) if you attended the meeting but have not been noted above.

## 1. Welcome and introductions - R. Guest (AEMO), slides 1-5

Attendees were welcomed to the first WDR CG. AEMO noted that the meeting was being recorded for the purposes of preparing meeting notes. The agenda was confirmed and attendees introduced.

## 2. Wholesale Demand Response Rule Change Overview - M. Shannon (AEMC), slides 6-11

The AEMC presented an overview of:

- The history of demand response mechanisms in the NEM
- The rule change requests that lead to the Wholesale Demand Response Mechanism (WDRM) rule
- The rule change process for WDRM, including the key elements of the final determination on the WDRM.

Attendees sought clarification on:

- The rationale behind the commencement date (24 October 2021). AEMC explained that the date was selected to fit in with other reforms, such as Five minute settlement (5MS) and Global settlement. In particular, starting the WDRM before summer is important so that its benefits to the market and power system are realised.

- The impacts to WDR if 5MS were to be delayed.<sup>1</sup> AEMO responded that it is highly cogniscent of the risk of 5MS being deferred and it is actively managing that risk. For example, AEMO also noted that the 5MS deferral proposal is for an industry change and AEMO will maintain the current implementation timeframes for 5MS market system changes.
- How settlement and cost recovery works between retailers and DRSPs if some are on 5-minute systems and others are on 30-minute systems. AEMO noted that pending the outcome of the 5MS deferral rule change, this issue should be discussed in the technical working group.
- Any unintended consequences from RERT and WDR interactions? AEMC explained that the final rule extends “out of market” provisions and incentives for RERT to apply to DRSPs. Consequently, DRSPs can participate in either RERT or WDR, but not both.

### 3. **AEMO’s WDR Project: High-level summary and people - R. Guest (AEMO), slides 12-17**

AEMO introduced its WDR implementation program, discussing design elements, implementation approach, an example of DRSP dispatch, impacted AEMO procedures and guides, and key contacts on the program.

### 4. **AEMO’s WDR Project: Stakeholder engagement approach (E. Brodie, slides 18-28)**

AEMO discussed its proposed approach to WDR stakeholder engagement, including the emphasis on choice and transparency of engagement options. The role of the WDR CG was clarified, particularly how the WDR CG will interact with other AEMO forums and processes.

Attendees raised the importance of early consultation with large users on WDR matters. This is so WDR impacts on large users can be taken into consideration sooner rather than later during formal consultation.

Attendees also emphasised the need for WDR changes to have low cost and low impact on large users.

Attendees queried the extent of large user representation on the other AEMO forums that will be considering WDR issues, using the ERCF as an example. AEMO noted that some forums had existing large user representation, but not all. However, market participants are able to attend AEMO’s forums if they deemed it worthwhile for their business to do so.

Attendees noted that different large users have different demand response abilities e.g. some facilities need 30 minutes or more to provide demand response, others can only provide demand response within a 5-minute window. AEMO noted that the WDRM Rule require that 5 minute dispatch time frames are met and that settlement, and therefore baselining and baseline eligibility, is assessed at the trading interval level, which will be transitioning to 5 minutes. It was agreed that further discussion

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<sup>1</sup> A delay to 5MS is being considered by the AEMC. For more information see: <https://www.aemc.gov.au/rule-changes/delayed-implementation-five-minute-and-global-settlement>

on the obligations for DRSPs will be held in future WDR related forums. Noting that the baselining discussion will form part of the WDR guidelines and TWG work.

**ACTION 01.04.01:** AEMO to advise large users of options for attendance at ERCF and other forums, particularly when WDR matters are being explored.

**ACTION 01.04.02:** WDR CG to consider the key WDR information for your businesses will need, advise AEMO of any further support (e.g. engagement) required to access this information.

**ACTION 01.04.03:** WDR CG to provide feedback on AEMO's WDR stakeholder engagement approach.

**ACTION 01.04.04:** WDR CG to provide feedback on the draft WDR CG terms of reference.

**ACTION 01.04.05:** AEMO to consider the appropriate forum for discussion on the WDRM Rules' dispatch obligations and implications for the range of large users.

## **5. AEMO's WDR Project: High-level program schedule (C. Espinoza, slides 29-31)**

AEMO presented its high level program schedule and approach. It noted that the plan is currently in draft form and the WDRCG will be kept informed as milestones are confirmed.

## **6. Approach to developing the WDR guidelines (G. Ruthven, slides 32-35)**

AEMO set out the scope and process for developing the WDR guidelines. It noted a typo on slide 33: the date for publishing the final WDR guidelines should be 24 June 2021.

AEMO also noted that the guidelines development process will include consideration of non-mandatory aspects.

Everything about the guidelines will be new, so the approach to developing the guidelines will include in-depth discussions on process design in TWG meetings, prior to formal consultation.

An attendee raised the importance of agreeing underlying principles early on. AEMO agreed and stated that it considered the Technical Working Group to be the appropriate forum for that discussion.

**ACTION 01.06.01:** AEMO to include a discussion on the principles underpinning the guidelines development on the TWG agenda.

## **7. Approach to updating procedures: Settlements and prudentials (K. Foran, slides 37-39)**

AEMO discussed the likely WDR impacts and considerations on the Credit Limits Procedures and NEM Settlement Estimates Policy, and timeframes for updating these documents.

An attendee asked whether DRSPs would participate in reallocations and if so whether the reallocations procedure should be amended to accommodate WDR.

**ACTION 01.07.01:** AEMO to consider the interaction of WDR and reallocations.

**8. Approach to updating procedures: Retail (G. Morrah, slides 40-42)**

AEMO provided an overview of the Retail procedures that will likely need amending to accommodate WDR. It indicated that where possible, AEMO will package these procedure changes into one consultation rather than one procedure at a time. The date for commencing the consultation process will likely move to August. The WDR CG will be kept informed.

**9. Approach to updating procedures: B2B (G. Morrah, slides 43-44)**

AEMO has identified one B2B procedure that will likely need amending to accommodate WDR. The IEC is yet to confirm the consultation timing and the WDR CG will be informed when timing is agreed.

**10. Approach to updating procedures: system operations (G. Morrah, slides 45-47)**

AEMO has identified three system operations procedures that will likely need amending to accommodate WDR. The date for commencing the consultation process will likely move to August.

**11. Approach to updating procedures: Demand-side participation (M. Hindsberger, slides 48-50)**

The demand side participation information guidelines require minor changes to accommodate WDR. A consultation paper will be released in Jul and the final guidelines are expected to be published in October.

**12. Forward meeting plan - E. Brodie (AEMO) slides 51-52**

The next WDR CG meeting is scheduled for Tuesday, 21 July 2020. Meeting dates for the remainder of 2020 were provided.

AEMO indicated that it would schedule the meetings for 3 hours to enable longer discussions if need be.

**Action 01.12.01:** WDR CG to provide feedback on topics and issues for future WDR CG agendas.

**13. General questions and close - R. Guest (AEMO), slides 53-54**

Attendees were thanked for their attendance and advised of future in-session WDR CG meetings



#### 14. ACTION ITEMS RAISED AT WDR CG MEETINGS

ITEM	TOPIC	ACTION REQUIRED	RESPONSIBLE	DUE BY	STATUS
01.04.01	Stakeholder engagement approach	Advise WDR CG of options for large user attendance at ERCF and other forums, particularly when WDR matters are being explored.	AEMO	Tue 14 Jul 20	CLOSED
01.04.02	Stakeholder engagement approach	Consider the key WDR information for businesses will need and advise AEMO of any further support (e.g. engagement) required to access this information.	WDR CG	Fri 10 Jul 20	CLOSED
01.04.03	Stakeholder engagement approach	Provide feedback on AEMO's WDR stakeholder engagement approach	WDR CG	Fri 10 Jul 20	CLOSED
01.04.04	Stakeholder engagement approach	Provide feedback on the draft WDR CG terms of reference	WDR CG	Fri 10 Jul 20	CLOSED
01.04.05	Stakeholder engagement approach	AEMO to consider the appropriate forum for discussion on the WDRM Rules' dispatch obligations and implications for the range of large users.	AEMO	Tue 14 Jul 20	CLOSED
01.06.01	Approach to developing the WDR guidelines	Include a discussion on the principles underpinning the guidelines development on the TWG agenda.	AEMO	TBC	CLOSED
01.07.01	Approach to updating procedures: Settlements and prudentials	Consider the interaction of WDR and reallocations.	AEMO	Tue 14 Jul 20	CLOSED
01.12.01	Forward meeting plan	Provide feedback on topics and issues for future WDR CG agendas	WDR CG	Ongoing	OPEN