

24 November 2022

Ms Gillian Gout  
Director, Strategic Policy and Energy Systems Innovation  
Australian Energy Regulator  
Via: [REDACTED]

Dear Gillian,

**Network service providers and Reliability and Emergency Reserve Trader via voltage management Consultation**

We are writing to you regarding the AER consultation on distribution ring-fencing class waiver for Reliability and Emergency Reserve Trader (RERT) via voltage management.

We understand that AER requires more information from AEMO on the following:

- Measuring short notice RERT reserves provided by voltage management.
- Monitoring distribution network service providers (DNSPs) behaviour in relation to short notice RERT reserves.
- Interaction between DNSPs providing short notice RERT reserves and other participants within the distribution network providing short notice RERT reserves.

RERT reserve providers are required to meet AEMO's short notice RERT performance, measurement, and verification requirements. DNSPs providing voltage management will be expected to have additional requirements, including but not limited to testing to demonstrate the DNSPs ability to provide RERT via voltage management to a measurable standard acceptable to AEMO.

AEMO's standard short notice RERT baseline calculation methodology will be modified for voltage management providers to include both measured power (MW) and voltage profiles prior to the event and during the event and this data will be used to calculate performance and monitor behaviour. The detailed calculation methodology will be in the short notice panel agreement and will be provided to the Australian Energy Regulator by the DNSP reserve provider.

AEMO evaluates each potential short notice RERT provider during the short notice RERT panel membership procurement process, this includes an evaluation of the nature and location of reserves. During this evaluation and procurement process AEMO will consider the interaction between DNSPs providing short notice RERT reserves and other participants within the distribution

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network providing short notice RERT reserves. If required AEMO will put in place additional measures or controls to account for possible interactions between reserve providers.

DNSPs providing voltage management will be required to have certified testing and calibration to ensure the validity of the measurement devices is equivalent or better than revenue grade metering.

AEMO believes the class waiver should be in place for 5 years to provide certainty to AEMO that the service will be available to cover reliability risks. This length also provides certainty to the potential DNSP reserve providers that the time and costs invested to enter the short notice RERT panel will be recuperated. It is AEMO's view based on RERT EOI responses that it is unlikely alternative voltage management providers will emerge in the short or medium term. It is worth noting that the market cost incurred from more regular reviews can be avoided by having a longer waiver period.

If you would like to discuss any of the matters raised in this letter, please don't hesitate to contact me at [REDACTED] or [REDACTED].

Yours sincerely,



James Lindley

**Group Manager System Capability**