

# Reliability and Emergency Reserve Trader (RERT) via voltage management – Ring-fencing class waiver

As part of consultation on the proposed distribution ring-fencing class waiver for RERT services via voltage management, the AER consulted verbally with stakeholders. The purpose of this verbal consultation was to assist stakeholders with providing feedback in the short consultation timeframe. The AER hosted the following verbal feedback sessions:

- A public verbal feedback session on 9 November 2022
- A verbal feedback session with members of the AER Customer Consultative Group on 14 November 2022

The verbal feedback received is summarised below. The purpose of this document is not to provide answers to the feedback provided or concerns raised. Rather, this document provides a summary of the feedback received. This feedback will be considered in our decision-making process and addressed in our decision document.

## Stakeholder feedback from public verbal feedback session on 9 November 2022

At the verbal feedback session on 9 November 2022, we received feedback from the following organisations:

- Energy Users Association of Australia
- Australian Energy Council
- Flow Power
- Ausgrid
- Essential Energy
- AGL
- CitiPower / Powercor / United Energy
- Origin
- Energy Australia
- Shell Energy
- Evoenergy

### **Use of regulated electricity supply assets and interaction with Shared Asset Guideline**

Energy Users Association of Australia (EUAA) expressed general support for DNSPs providing RERT services to increase options and competition in the RERT market. Noting that RERT services would be provided using regulated electricity supply assets, EUAA suggested the AER consider what benefits would flow through to consumers if the Shared Asset Guideline threshold is not met. Consumers should receive some benefit other than lower RERT costs.

Ausgrid and Essential Energy also recognised the need for a mechanism outside of the Shared Asset Guideline to share RERT revenue with consumers. Sharing unregulated

revenue earned from the use of regulated electricity supply assets will be important as increasing opportunities emerge for DNSPs to participate in markets for new services.

Australian Energy Council (AEC) and Flow Power suggested that DNSPs' provision of voltage management services should be provided as a regulated service rather than through RERT. AEC noted that it is not supportive of DNSPs receiving windfall profits from services using regulated electricity supply assets.

AEC commented that if DNSPs can provide voltage services they should be doing so as a matter of course at no cost to consumers. In response, Ausgrid noted that not all networks are in the same position of being able to provide voltage management services currently. Some networks are in the process of improving their voltage management services.

### **Interaction between DNSPs providing RERT and market participants within distribution network providing RERT**

Flow Power sought clarification on the interaction between DNSPs providing RERT at a distribution level and other RERT providers within that distribution network also providing RERT. Flow Power provided feedback that AEMO should "net out" RERT provided by DNSPs and RERT provided by other participants within the DNSP's network. This would avoid double-ups in RERT payments for AEMO.

### **Impacts on network and consumers**

Shell Energy expressed concern about how voltage management services are managed and how it will impact some sections of the grid.

Energy Australia queried how DNSPs' provision of RERT via voltage management might impact large energy users with 20MW machines and tight controls that are already within sections of the distribution network that experience voltage issues.

Flow Power expressed concern about the uncertainty of impact on consumers in the long term and the short term.

### **Measurement of voltage reduction**

Shell Energy expressed concern that the amount of megawatts that can be provided via voltage management are unmeasurable. On the other hand, current RERT providers must comply with strict measurement conditions in their contracts.

AGL queried how smart meters would be used to measure curtailment of voltage by DNSPs. AGL asked if the certification of the accuracy of the smart meter measurements would be publicly available. AEMO clarified that RERT Panel Agreements are confidential, but in order for DNSPs to participate in the class waiver, copies of the RERT Panel Agreements will be provided to the AER.

### **Potential unintended perverse incentive for DNSPs**

Flow Power expressed concern that allowing DNSPs to provide RERT via voltage management creates a perverse incentive for DNSPs to maintain voltage at an elevated level (but still within the upper range allowed by AS61000.3.100 – up to 253V). By maintaining an elevated voltage level, DNSPs would be able to provide greater voltage reduction services and therefore receive more revenue through RERT.

### **Length of waiver**

Flow Power suggested that a shorter waiver could be granted for this summer and then the AER could have a longer consultation period for a long term waiver next year. Flow Power

also sought clarification on whether the waiver is to be in place until AEMO has sufficient reserve without DNSPs, or until other market participants are able to provide voltage management services for RERT.

### **Customer complaint condition**

Essential Energy queried how the condition regarding notification of customer complaints would work in practice. Essential Energy noted that it could be complicated to measure whether an increase in customer complaints could be linked to RERT.

Flow Power noted that consumers may not know if issues with their appliances are related to quality of supply of the network and therefore may not complain to DNSPs.

### **Revenue reporting condition**

Evoenergy noted that pre-activation of RERT could also result in revenue for DNSPs, not just activation of RERT.

### **Scope of waiver**

CitiPower / Powercor / United Energy queried why the waiver is limited to RERT via voltage management. AGL sought clarification whether the waiver would apply to all forms of RERT or only short notice. The AER confirmed the class waiver is only for short notice RERT and is only for voltage management. The metering rules in Chapter 7 of the National Electricity Rules prohibit DNSPs from providing RERT services via load control. AEMO has not requested that a class waiver be granted to allow DNSPs to provide RERT via other means.

### **Volume of RERT expected to be provided**

Origin queried the volume of RERT that would be provided by DNSPs through voltage management. AEMO clarified that the amount of RERT they are expecting to access from DNSPs could be in the range of 0-100MW. However there is not a lot of certainty around the volumes DNSPs could offer yet.

## **Stakeholder feedback from AER Customer Consultative Group**

The AER also consulted with the AER Customer Consultative Group on the proposed class waiver.

A representative of Council on the Ageing (COTA) provided feedback that they were comfortable with the proposed class waiver. In their view, it seemed likely that DNSPs would manage their systems to minimise impacts on customers. Introducing DNSPs into the RERT market through voltage management services seems to be a cost-effective solution. In relation to the proposed condition of the class waiver regarding customer complaints of quality of supply, the representative's view was that consumers are unlikely to complain about the impacts of DNSPs providing voltage management services because it is unlikely consumers would notice the impacts (for example, a kettle taking longer to boil or flickering lights).

Other members of the AER Customer Consultative Group were generally comfortable with the proposed waiver.