

Section 4 of Post 2025 Market Design Options – A paper for consultation Part A.

Chapter 4 – Integration of Distributed Energy Resources and Demand Side Participation

27 What are stakeholder views on the issues raised on supporting market participation for active DER? Are there other paths that could also be considered for different types of consumers?

Response: Active DER is a low cost high flexible path for support of network and should be explicit to include all energy sources, storage and demand changes

28 Is the unbundling of services delivered by active DER resources (e.g., solar PV, batteries or smart hot water appliances) from energy supplied by DER viewed as important to allow innovation and new business models? What might be the pros and cons of this approach?

Response: The services are part of the energy flow and responsive to short term market incentives. Trying to make a separate market in responsiveness makes a confusing message

29 What might be implications of a growing fleet of active batteries or electric vehicles? Are other pathways that need to be considered to reflect these needs?

Response: One concern of a dynamic market for battery energy would be if every battery in a feeder was put on full export. The voltage and flow constraints would be unlikely to be met and local factors should modify local prices

33 Under what situations could the distribution network operator perform the role of the retailer / aggregator?

Response: As long as there was an algorithmic approach to response to system needs then incentivising local DER could be handled by network operator. One difficulty is if we need to buffer customers from high prices then there can be a need for a different financial entity.

34 How might DER assets be managed in a situation where no retailer / aggregator is nominated?

Response: The utility would pass energy market prices modified by local constraints

35 What are the issues surrounding connection agreements that can facilitate a retailer / aggregator for market participation and the delegation for the enforcement of limits to both DNSPs and AEMO?

36 Noting the differences in market arrangements between the WEM and the NEM, are there aspects of the WA DER Roadmap that could usefully inform how certain roles and responsibilities might evolve in the NEM?

37 What are stakeholder views on the approaches outlined? What are the potential advantages and disadvantages of each?

38 Are there alternative approaches that could also work to complement existing tariff reform processes that should also be considered? How might these work?

Response: Because of the value of fast frequency response there should be a communication process that offers a sub second latency for DER and this would require an emergency response contract rather than a market mechanism

39 Do stakeholders have views on additional steps or information that should be considered in the proposed consumer risk assessment tool?

Response: Consumer risk is high as there is no buffer between energy market prices and distribution markets as seen in the Texas example recently

40 Do stakeholders have views on the options outlined to address issues associated with falling minimum demand and increasing access to markets?

Response: Reduced price at times of high solar output and high prices for peak total demand are expected from a distribution market. The expected response would be for consumer investment in batteries and demand management systems.

41 What are other options to consider that might deliver better outcomes for consumers?

Response: For a given level of responsiveness there should be a guaranteed benefit for customers compared to a pure energy tariff

42 Do stakeholders have views on the proposed principles? Are there other principles that should be considered to deliver benefits for consumers?

Response: The principle is to provide sufficient incentive that frequency, voltage and overload issues will encourage consumer investment in storage and management computers