



14 September 2023

Lisa Shrimpton
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Submitted electronically via aemc.gov.au

Dear Ms Shrimpton

Unlocking CER benefits through flexible trading, Directions Paper (ERC0346)

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback to the Australian Energy Market Commission (AEMC) Directions Paper: *Unlocking CER benefits* through flexible trading.

The CEC is the peak body for the clean energy industry in Australia. We represent and work with Australia's leading renewable energy and energy storage businesses, as well as a range of stakeholders in the National Electricity Market (NEM), to further the development of clean energy in Australia. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

The CEC supports the AEMC's decision not to progress the proposed model of multiple FRMPs for residential and small business premises due to the implementation challenges and related costs for introducing AEMO's proposed model (FTM2).

Separately identifying and managing clean energy resources (CER) as an opportunity to optimise the value of CER flexibility all depends on what the opportunity actually is as this will justify the additional requirements to identify them. At present, there does not seem to be opportunity to optimise the value of any behind-the-meter asset other than a battery. Therefore, to look at mechanisms in an attempt to gain visibility and control is not yet known.

Per our initial response, there are already participants in the market successfully delivering flexibility services today and many options already exist for homeowners to maximise the return and benefit behind-the-meter assets by direct coordination through home energy management systems, whether built into devices such as inverters or from third party providers, without the need for any access or visibility from in front of the meter coordinators. For example, the work being done in South Australia to develop a Hot Water Control Load demand management capability¹ and VPPs. It would be useful to

¹ [Dynamically managing hot water systems in South Australia - Australian Renewable Energy Agency \(ARENA\)](#)

first understand what is needed to accelerate these successful approaches rather than add additional complexity. The CEC and its members recommend these approaches are supported and allowed to flourish. We are not aware of any current regulatory barriers to market participation for small scale assets, or the need for new classifications splitting flexible/ non-flexible capacity behind-the-meter.

The CEC and its members strongly support the current focus of the AEMC in developing opportunities that enable free customer access and provide access to third parties to their real-time data from their smart meters. We suggest this a greater priority of the AEMC to unlock CER benefits for consumers. Providing customers with access to their real-time data and the benefits has been extensively discussed and explored with the AEMC and we look forward to the AEMC's findings in the Review of the Regulatory Framework for Metering Services (EMO0040).²

The separation of CER from passive load would potentially simplify the job of aggregators managing CER participation in markets and might also simplify the job of AEMO in managing aggregators. As such, further modelling is required to determine whether the proposal is in the long term interests of all consumers. In these circumstances, if the AEMC wish to continue to explore this, a cost-benefit analysis by Energeia is appropriate and we ask that it include an objective assessment of the benefits of a whole-of-site, home energy management system based approach versus a centralised 'prices to devices' asset coordination.

If a second settlement point was to be considered, then we would encourage the AEMC to also consider whether the current consumer protections remain appropriate or need to change to align to ensure consumers can rely on the second settlement point leads to overall improvements in energy use and/or costs for the consumer. This includes ensuring:

- the consumer is fully informed of the risks associated with independent control of a particular CER asset without consideration of the financial effects this may cause on their other CER assets at the site; and
- there is no technical, physical, or commercial "lock in" for the consumer.

The CEC acknowledge that there are opportunities to improve the regulatory framework for commercial and industrial customers who wish to derive value from incentives for energy flexibility. Most of our members are supportive of this rule change being progressed for large commercial customers. The proposal should explain how the framework could be designed to minimise the cost of disputes between service providers. Enabling access to real time data from meters would help to address the risk of disputes between service providers.

Kind regards



Emily Perrin
Policy Officer Distributed Energy
Clean Energy Council

² [CEC-submission-to-AEMC-Draft-Report-Review-of-Reg-Framework-for-Metering-Services-EMO0040-REVISED.pdf \(cleanenergycouncil.org.au\)](#)