11th April 2024

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

Submitted electronically via aemc.gov.au.

CEC's Response to Unlocking CER Benefits Through Flexible Trading, Draft Determination (ERC0346)

Dear Ms Shrimpton,

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback to the Australian Energy Market Commission (AEMC) Draft Determination: *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 Draft 2024 Integrated System Plan identifies that flexible energy will be a big part of the new, clean and affordable energy future. Specifically, AEMO predict the capacity of coordinated behind-the-meter storage will increase to 37 GW in 2049-50, of which they anticipate 80% will be orchestrated. To achieve this goal, we need to implement policy that encourages and empowers consumers to not only adopt storage, but to trust that market participants will provide simple and valuable orchestration services.

To this end, the proposed draft rule towards opening flexible trading is in a critical component of Australia's energy and system services and will provide key consumer and grid benefits, as we transition to 82% renewable energy by 2030. Hence the implementation of this draft determination is a significant incremental step towards unlocking the potential of consumer energy resources (CER) to support the future clean energy matrix.

The CEC is supportive of the key benefits and goals outlined in the draft determination, prioritising consumer choice, CER integration and reduced cost of energy for all consumers. To achieve these benefits, we need to ensure consumers are well-informed over the differences between ‘passive’ and ‘flexible’ loads and can easily participate in flexible trading of their CER assets. While not specifically in the parameters of the AEMC’s rule making functions, we would encourage the AEMC to provide clear recommendations on how this rule change will be communicated to customers with new or existing CER assets, encouraging greater participation.

We are also supportive of the AEMC’s more preferrable draft determination that will allow for the use of in-built device meters, which are National Metering standards pattern approved, to provide sub-metering solutions. This will ensure we use the least cost and disruption to consumers in opening new flexible energy revenue opportunities for them.

Energeia’s modelling has revealed net benefits for consumers if 14% of AEMO’s ISP flexible CER forecast is achieved, highlighting the importance of ensuring this rule change is well supported with additional CER policy. Furthermore, Energeia’s cost-benefit analysis (CBA) indicated the benefits are most likely realised from the uptake of battery storage systems for both small and large customers.

In 2024, the CEC launched the Home Battery Saver Program, advocating for a national incentive scheme to promote the uptake of battery home systems. Modelling for this program, undertaken by Oakley Greenwood, has demonstrated households could expect annual bill savings of $900-1,000 with non-orchestrated batteries and $1,150-1,500 with orchestrated batteries, as well as enjoying greater energy security and independence. It is the CEC’s perspective that this rule change should work concurrently with additional CER policy reforms, particularly those supporting the uptake of battery system, to further Australia’s storage and flexible load capacity.

Consumer protection

In the CEC’s previous submission to the Directions Paper, we called on the AEMC to consider whether the current consumer protections remain appropriate with the addition of a secondary settlement point. We raised the importance of ensuring the consumer is informed of the risks associated with independent control of a particular CER asset without consideration of the financial outcomes this may cause on their other CER assets at the site. Additionally, there should be no technical, physical, or commercial “lock in” for the consumer. The CEC is supportive of the AEMC’s application of the consumer protections test to the preferable draft retail rules and feel satisfied the consumer protections have been maintained for small customer households and businesses. To ensure these are upheld once the rule change is completed, the AEMC should clearly outline good practice communication guidelines for informing consumers of the risks associated with independent control of their CER assets.

Furthermore, the New Energy Tech Code of Conduct (NETCC) provides a fit for purpose protection regime and therefore we encourage the AEMC to promote new market participants to join the NETCC. This will provide consumers with confidence that they will adhere to a set of protections that place the consumer at the centre of any flexible energy product and service that may be brought to market as a consequence of the draft Rule.

Refinements to draft determination

The CEC is generally supportive of the objectives outlined in the draft determination, there are key areas our members have communicated where improvements in the final decision can be made to better achieve the outcomes of the flexible trading arrangements.

This includes:

- Defining the responsibilities of different market participants within the Final Determination, specifically regarding the obligations of metering coordinators. We encourage the AEMC to outline the full scope of roles and responsibilities expected of all market participants, including clearly defined metering obligations. This would require all types of metering to be considered in the metering changes, particularly when addressing the creation of a second NMI for the device level metering.

- Better defining the expectations surrounding the 18-month implementation period, commencing from 2 February 2026. CEC members have expressed concern over the length of the time, regarding a lack of clarity over whether the online data will require systems to be ready from the commencement date. The CEC recommends industry consultation be undertaken in conjunction with the Australian Energy Market Operator (AEMO), the AEMO reform delivery committee and the National Measurement Institute prior to the Final Determination release to best determine implementation considerations.

High Level Implementation Design

We understand the AEMO has proposed a High-Level Implementation Design (HLD) model for how they will meet the proposed regulatory approach to settlements and billing, including the assignment of a second National Metering Identifier (NMI) for the sub-metering device. This HLD has not been properly costed and potentially locks industry in with a sub-par regulatory solution. The CEC recommends that market participants (aggregators, retailers, distribution businesses) are consulted on Energeia's CBA and updated to better inform the Final Determination. We need to ensure the system changes across AEMO, and market participants are worthwhile from a CBA perspective, especially as the AEMC is proposing a voluntary consumer-led opt-in scheme.

As an alternative to prescribing a regulatory approach to settlements and billing, the AEMC may consider allowing the competitive market to innovate the least cost billing and settlement solution. This could improve the value proposition to consumers and more likely bring to market new flexible energy services.

If the AEMO continues down the path of the HLD, the CEC recommends that AEMO's design for these metering specifications aligns with previously established international standards. This will ensure the technical specification do not significantly impede the calculated cost savings and unlock additional benefits for consumers with CER assets.

Kind regards,

CHristodoulidis

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