
From:
Sent: Wednesday, 24 April 2024 3:50 PM
To:
Cc:
Subject: Re: Submission on Demand Side Response Review: Exposure Draft of WEM Amending Rules.
Attachments: dsrreviewamendingrules_0 Noel.pdf

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Hello Energy Markets Team,

Thank you for the opportunity to comment on the draft DSR Amending Rules. As an Expert Consumer Panel member of the DSRR working group I have participated in the work leading up to this draft and support it, with various comments and suggested edits embedded in the attached pdf copy.

I have the following two expanded comments about parts of Appendix 10 - Relevant Demand Determination.

1. Choosing "Selected Days" for the Unadjusted Baseline.

The use of 'most recent' days is an appropriate criterion in order to capture the demand profile of the Demand Side Programme in case any of the participant businesses have changed their demand profile recently, but there is another important consideration that I consider should be addressed. It is related to how a participating business' demand profile might vary with other factors like ambient temperatures, or even day of the week for businesses that have a weekly demand cycle that ramps up on a Monday and ramps down on a Friday for example.

Based on past statistical analysis of SWIS demand, peak demand has historically been higher on Tuesdays, Wednesdays and Thursdays, than on Mondays and Fridays (all other things being equal) because of this weekly business demand cycle.

The main aim when selecting the Trading Days for the Unadjusted Baseline should be to select days with SWIS demand characteristics similar to those on which new DSP Dispatch Events would typically occur, so that the drivers of participating business' past demand profile on such days were similar what they will be during new DSP Dispatch Events (e.g. ambient temperature, day of the week, and any recent change in their operational demand).

For example, DSP Dispatch Events typically occur on high SWIS demand days, which are usually driven by hot or cold ambient temperatures - even if other factors contribute to a shortage of capacity at the time.

Many businesses have higher demand in hot weather due to having some component of air-conditioning and refrigeration load, or even extra load from such things as water pumping in hot weather.

If the Trading Days selected from the past, by using 'the ten, (or four for weekends), most recent days' as proposed in the draft rules, results in selecting past days that had mild weather, the resulting Unadjusted Baseline Energy Consumption (demand) is likely to be lower than if a criterion like "the most recent similar Trading Days with similar Perth ambient temperatures and days of the week to the new Event Day" was used to select the Trading Days.

I think that the rules should state the actual objective of the Trading Day selection process that AEMO should seek to achieve. AEMO can use its discretion to select Trading Days that are "the most recent similar Trading Days with similar Perth ambient temperatures and days of the week to the new Event Day".

Including mild days in the Selected Days is likely to under-estimate the baseline demand - materially in the case of some participating businesses.

It should not be difficult to select five to ten days from the past ~35 business days (out of the proposed total of 50 prior days) that are not Event Days, at the same time as trying to select days with similar characteristics to those of the new Event Day.

2. Including past Event Days in the selection, as drafted, if there are not enough non-Event Days.

If past Event Days are chosen as Selected Days, AEMO ideally should adjust the consumption values for intervals of those days that fell within the past Event window to be what AEMO estimates would have been the participating business' consumption values had the Event not occurred (the counterfactual), and use these for determining the Average Unadjusted Baseline Energy consumption contribution for those intervals.

If this is not done, the Demand Side Program will be credited with a lower contribution to the new Dispatch Event than it actually provides because the Unadjusted Baseline will be lower than it should be due to the inclusion of consumption values that were during a past Event.

Obviously we want to keep the selection task simple, but including past mild days in the selected days will result in lower baselines than they should be, and the same applies to including past Event Days in the selection without an adjustment.

I welcome further discussion of this if you wish.

Noel Schubert