Department of Energy, Mines, Industry Regulation and Safety
Energy Policy WA

GOVERNMENT OF WESTERN AUSTRALIA

Minutes

Meeting Title:	Demand Side Response Review Working Group (DSRRWG)
Date:	7 February 2024
Time:	9:00 AM to 11:00 AM
Location:	Microsoft TEAMS

Attendees	Company	Comment
Dora Guzeleva	(Chair) EPWA	
Toby Price	AEMO	
Mena Gilchrist	AEMO	
Devika Bhatia	Economic Regulation Authority	
Scott Cornish	Enel X	
Bronwyn Gunn	EPWA	
Thomas Marcinkowski	EPWA	
Bobby Ditric	Lantau Group, Consultant	
Dave Carlson	Lantau Group, Consultant	
Tessa Liddelow	Shell Energy	
Graeme Ross	Simcoa Operations	
George Martin	Starling Energy	Left at 10:40am
Wayne Trumble	Newmont Mining	
Dimitri Lorenzo	Bluewaters Power	
Chris Alexander	Small-Use Consumer Representative	
Noel Schubert	Small-Use Consumer Representative	
Peter Huxtable	Water Corporation	
Valentina Kogon	Western Power	
Aaron Bowling	Western Power	Joined at 10:30am, left at 10:40pm
James Elliott	Horizon Power	Left at 10:20am
Rhiannon Bedola	Synergy	
Apologies	**From**	**Comment**
Mitch O'Neill	Grids	Apology
Jake Flynn	Collgar Wind Farm	Apology
Oscar Carlberg	Alinta Energy	Not in attendance
Michael Zammit	Integrated Management Services	Not in attendance

Item	Subject
1	**Welcome** The Chair opened the meeting with an Acknowledgement of Country.
2	**Meeting Apologies/Attendance** Noted as per the above.
3	**Competition Law Statement** The Chair asked attendees to note the Competition Law Statement provided with the meeting papers and invited attendees to raise any competition law concerns that might arise.
4	**Minutes** The Chair noted the minutes for the previous DSRRWG meeting of 29 November 2023 were approved and published out of session.
5	**Action Items** <u>Item 2 – Western Power to provide an overview of the extent to which the Eastern Goldfields Load Permissive Scheme (ELPS) has been successful:</u> The Chair invited Ms Kogon to address this with reference to the material Western Power had previously provided from this Item, which EPWA had circulated to working group members. • Ms Kogon noted the ELPS overview and video were circulated to the working group. • Mr Schubert noted that, while information had been provided on how this scheme operates, no information had been provided on how successful it was. • Ms Kogon stated that in Western Power's view, the ELPS had benefited customers by redistributing available capacity and therefore allowing customers to connect when they might not otherwise have been able to. • Mr Trumble disagreed with the conclusion that it had been successful. This Action was closed. <u>Item 3 – Western Power to confirm whether there is a size threshold above which new loads are required to contribute to network augmentation and, if so, what it is and whether it distinguishes between transmission and distribution:</u> The Chair introduced the Item and referred to previous email advice sent to EPWA by Western Power addressing it, which had not yet been discussed by the working group. • Ms Kogon stated that there is not a threshold per se, but Western Power has an obligation to offer access and it is up to the customer whether or not to accept that. The Chair confirmed that for a non-reference service, if a customer of any size wants to negotiate flexible access, Wester Power is required to negotiate under the Network Quality & Reliability of Supply (NQRS) Code. • Mr Schubert questioned what that means for the cost for customers who want to connect. • Ms Gunn stated that Western Power has confirmed that no matter the size of a customer, if their connection triggers the need for investment in the network, the customer will need to bear at least some of that cost irrespective of their size. • Ms Kogon noted that there are schemes in place that allow the costs to be distributed between scheme participants for eligible customers and, in some cases, it may end up being a very small cost.

Item	Subject

- Mr Trumble asked about the distinction between transmission and distribution as written in the action items.

Ms Gunn noted that given there is no threshold there is no distinction.

This Action was closed.

Item 4 – Synergy to provide feedback on Consultation Paper Proposal 3

- Ms Bedola stated that Synergy's view was that participation for both large loads and virtual power plans (VPPs) should be maximized. With regard to larger loads, a 10MW load may have a 1MW battery and the cost of Western Power submetering for that battery may be prohibitive, but there may be benefits to it participating.

The Chair reiterated that the *National Measurements Act 1960* (Cwth) prohibits anything other than Western Power metering being used for settlement in a market. Alternative submetering can only be used for reserve capacity certification, e.g. applying the Relevant Level Method (RLM) or testing , and the procedure under clause 2.29.15 of the WEM Rules sets requirements for such metering.

The Chair stated that Ms Bedola raised a valid concern that the Procedure does not go far enough in giving guidance on the arrangements in which a load is larger than other components of a facility and questioned whether this procedure could be changed to more effectively account for hybrid facilities in which the load is larger than other co-located components.

- Mr Price agreed that AEMO could clarify these arrangements in the procedure.

Action: EPWA to amend the Information Paper to incorporate this feedback.

- Mr Schubert said that the DER Roadmap is going to explore many options for aggregated batteries and loads, and that electric vehicles (EVs) could be the biggest battery on the system in aggregate, and that we want to get as much value out of whatever we have.
- Ms Bedola noted the complexities with market participation given EVs are mobile.

This Action was closed.

6 **DSR Review of the draft WEM Amending Rules Exposure Draft**

The Chair invited Mr Ditric to introduce each of the draft amending rules in the Exposure Draft.

Proposed clause 2.16.9(c) – Market monitoring of DSP loads

Mr Ditric noted this creates the explicit ability of the Economic Regulation Authority (ERA) to monitor whether a Demand Side Programme (DSP) has varied the consumption of its Associated Loads solely for the purpose of increasing its Relevant Demand.

The Chair invited comments on the proposed clause from the working group.

- Ms Gilchrist highlighted a typographical error and suggested making the wording of this clause consistent with 2.16A(3)(a) by using the language "with the intent of increasing its Relevant Demand".

The Chair agreed with Ms Gilchrist's suggestions.

Proposed clause 2.16A.3A – general trading obligations on DSPs not to increase Relevant Demand

- Ms Gilchrist asked whether the proposed clause would penalise an Electricity Storage Resource (ESR) in a hybrid facility that charges early in the day when prices are low to prepare for a DSP event later that day.

The Chair responded the clause was specifically to address a DSP varying its consumption or withdrawal specifically with the purpose of manipulating its baseline, not any other purpose.

- Mr Trumble stated it is difficult to prove intent.

The Chair stated that the purpose of the clause was to enable the regulator to monitor for gaming of the baseline and that the wording would be changed to clarify that the behaviour is "solely for this purpose".

Mr Carlson stated that:

- There are legitimate reasons a load would vary its demand, such as a large refrigeration load turning up to be able to sustain an upcoming curtailment.
- Intent is difficult to prove, and a regulator would want to see an explanation of why consumption was increased. If a participant can prove that it turned up for operational needs, that would normally be satisfactory to regulators.
- The ERA has implemented guidelines for trading conduct, so one option would be to expand those guidelines to provide guidance on this matter.

Mr Ditric clarified that the intent of this clause to is allow the ERA to interrogate the behaviour of the load and examine whether any variations in consumption are for legitimate operational reasons.

- Ms Gilchrist asked if there needed to be changes to data provision for market monitoring.

The Chair noted that the ERA **has the ability to ask for more data.**

- Mr Alexander suggested that in this clause the language of clause 2.16.9B could be mirrored, which refers to "anomalous" and "inappropriate" market behaviour.

The Chair responded that 'appropriateness' is too subjective a concept.

- Mr Huxtable expressed concern about the validity to increasing demand in preparation for curtailment in the examples discussed.

The Chair responded that the dynamic baseline is designed to avoid participants increasing demand just to turn down to a business-as-usual level.

- Mr Huxtable reiterated that this is what could be achieved using the examples discussed.
- Mr Schubert stated that this is a valid response if the increase in demand is before the event and for the purpose of preparing for the event, e.g. a battery charging or a refrigeration load over-cooling.

The Chair stated that the concept of 'intent' is not used elsewhere in the rules, so the language of 'with the intent of' in the draft clause 2.16A.3A could be changed to 'for the sole purpose of'.

- Ms Bedola raised a concern that certain categories of load (such as refrigeration loads) may receive a higher capacity credit allocation because unlike other loads, they increase relevant demand to be able to provide a service.
- She noted a refrigeration load may increase from 10MW to 20MW to pre-cool to provide a response, then just go back to 10MW and get paid for this, when it's not actually providing a benefit to the system.

Mr Carlson responded that the adjustment is done **prior** to a dispatch notice being issued so any actions taken following the dispatch notice would not be counted in the adjustment. If a load routinely tries to shift away from peak, that would appear in an unadjusted baseline and that would be reflected in how the baseline is calculated.

- Ms Bedola said that Mr Carlson's comment addressed her concern.
- Mr Martin commented that it is important to differentiate between gaming the baseline and taking steps to ensure the asset is prepared to provide a service during an activation.
- Mr Trumble asked if the language and intent of the Rules is consistent across Reserve Capacity, Supplementary Reserve Capacity (SRC) and Non-Cooptimised Essential System Services (NCESS).

Action: EPWA to redraft this clause to remove the concept of intent, look at the use of inappropriate/anomoulous behaviour and make the wording consistent with the rest of the rules as far as is practicable

Proposed clause 2.27B.9 - Congestion Information Resource (constrained access):

Mr Ditric introduced the draft amending rule, stating it required the Network Operator to provide information to AEMO regarding constrained access loads so AEMO can make use of this information in various processes.

- Ms Bedola said the clause refers to the Network Operator constraining the connection, but it is the customer behind the connection that is constraining.

Action: EPWA would redraft the clause to account for this feedback.

The Chair suggested referring to "user" and noted the need to find analogous rules referring to the same language and use that in the proposed drafting.

- Ms Kogon noted that the current wording of the clause could capture many arrangements at connection points because Western Power's Access Contract or ETAC contains terms that usually entitles Western Power to curtail the provision of the service for a range of factors including planned and unplanned outages, network security and stability issues and network constraints.

Ms Gunn asked if Western Power had any suggestions for re-drafting.

- Ms Kogon replied that Western Power need to consider that internally.
- Ms Kogon asked whether this drafting implies that the information will become public as it's under the Congestion Information Resource section.

Mr Ditric confirmed this.

- Ms Kogon reiterated her concerns that this will capture non-market loads that have standard provisions in their access contracts.

The Chair said that the purpose of the clause is to capture constrained access agreements with customers, not standard provisions that allow Western Power to constrain customers for security reasons or otherwise.

Action: EPWA and Western Power will consider how to limit the wording of the amending clause accordingly, and to refer to specific agreements or arrangements with the customer.

- Ms Gilchrist suggesting the following alternative wording: "Each Network Operator must provide information to AEMO relating to each connection point where non-standard arrangements exist for the Network Operator to constrain withdrawal at the connection point".
- Mr Price questioned whether the use of non-reference or non-standard was preferable.
- Ms Kogon said that the wording needed to be considered carefully by Western Power otherwise any contract could become "non-standard" as soon as there is any negotiation.

Mr Ditric suggested developing a defined term for constrained access load and referring to that.

- Mr Ross asked how this related to the Network Access Quantity process.

The Chair responded that AEMO would use the information provided by Western Power under this clause in its planning, including in the NAQ process.

- Ms Kogon asked if the clause would apply in real-time.

The Chair responded that it would apply in advance, for planning and other purposes. In real-time, there is limit advice the Network Operator will provide to AEMO, which AEMO will convert into constraint equations to indicate when a load has been, or will be, curtailed.

Action: EPWA will consider whether clause 2.27B is the best place for this proposed clause, and will consider the wording proposed by Ms Gilchrist with tweaks as appropriate.

Amendment to clause 2.29.4 and proposed clause 2.29.4N(f) – Registration criteria for facility comprising load and another technology type

Mr Ditric said that a new clause 2.29.4N(f) has been drafted so circumstances in which a facility comprised of a load and another technology type is required to register as a Scheduled Facility are documented in a Procedure.

- Ms Gilchrist questioned whether clause 2.29.4 needs to be subject to 2.29.4N(f).

The Chair agreed with Ms Gilchrist.

- Mr Price questioned:
    - Why does the clause mention Scheduled facilities but not Semi-Scheduled facilities, considering the objective is to make those facilities subject to constraints
    - As there is already an obligation to register for generation above 10MW or storage above 5MW, would this clause apply only to smaller facilities

The Chair stated that the purpose is to allow a participant to register as a DSP instead of a Scheduled Facility, even if the facility has a storage component. Currently, there is a blanket requirement for a hybrid comprising of a storage facility above 5MW to register it as a Scheduled or Semi-Scheduled Facility, but it may be of greater benefit to the market and the participant to allow some discretion if the load is bigger than the storage component. She noted that subclause (f) is currently just a criteria, it does not give AEMO the ability to exercise discretion, and that this needs to be added.

Action: EPWA will draft an additional clause to provide AEMO with discretion to allow a facility to not comply with the 5MW/10MW threshold requirement to register as a Scheduled or Semi-scheduled Facility.

- Mr Price noted that he would want to understand the need for this.

Ms Guzeleva noted that responses to this proposal in the consultation paper were supportive.

Proposed clause 2.33.9 – Registration Application Forms

Mr Ditric said that this clause creates an obligation for the Network Operator to provide a standard contract for sub-meters to be installed, and information to be included in those contracts.

- Ms Bedola agreed that there needs to be a standard contract but she considered that there must be allowances for negotiations away from that.

The Chair noted that it is necessary to be absolutely clear about how liabilities, risks, etc. are to be distributed between Western Power and the relevant party.

The Chair suggested amending the wording to add ‘unless otherwise agreed by parties’.

- Ms Gilchrist said that the clause was missing some apostrophes and that this provision would fit better in the Metering Code.

The Chair noted that the Metering Code will eventually become part of the WEM Rules under the current governance reforms and that it is simpler to include it in the WEM Rules now.

Proposed clause 3.5.11 – DSP Rotation in an Emergency Operating State

Mr Ditric said that this clause would give AEMO the ability to direct DSPs as required, regardless of the proposed rotation method, when there is an emergency operating state.

- Ms Gilchrist asked if the wording meant that the list would not be adjusted when AEMO directed DSPs in an emergency operating state .

The Chair said that DSPs can be called out of order if AEMO have declared an Emergency Operating State.

- Mr Trumble asked what the definition of 'Emergency Operating State' is, and how it relates to Lack of Reserve (LOR) conditions.
- Mr Price said that the definition of 'Emergency Operating State' is broader than LOR.
- Mr Price said that it was unusual to have a carve-out that it is confined to the Emergency Operating State provision in 3.5.11, as AEMO's existing powers under 3.5.5 allow for various directions.

Mr Ditric cited clause3.5.1 of the WEM Rules that 'the SWIS is in an Emergency Operating State when AEMO considers that the circumstances exist on the SWIS that may impact the ability of AEMO to operate in the SWIS as intended in accordance with the WEM Rules'.

The Chair confirmed that calling LOR does not necessarily meant the SWIS is in an emergency operating state.

- Mr Trumble asked if the same definition applied to capacity under the RCM, SRC and NCESS programs, and how participants could be incentivised to offer their capacity as a DSP rather than under SRC or an NCESS contract.

The Chair noted that:

  - SRC is provided under contracts with standard terms and conditions that are published.
  - the terms and conditions of NCESS contracts are subject to negotiation between the parties.

- Mr Trumble noted that he was trying to work out how capacity could be attracted into the RCM if it could alternatively contract through SRC or NCESS.

The Chair agreed that the goal is for all capacity to be part of the RCM.

- Mr Trumble noted that he was looking at the risks and rewards of the RCM vis-à-vis other mechanisms.

Action: this amending clause will be removed as there should not be duplication with the powers of AEMO in an Emergency Operating State.

- Mr Trumble asked Mr Price how NCESS contracts are set.
- Mr Price responded that:
  - The majority of NCESS contracts are based on registered Facilities participating in the market, and dispatch is through the real time markets, but that this is not usually the case for loads participating in NCESS.
  - There are example contracts for registered and non-registered Facilities on AEMO's website.
  - There are provisions to activate contracts if other mechanisms will be insufficient to manage system conditions.
  - Unlike generators, loads participating in NCESS are not necessarily required to register as a facility or obtain capacity credits in the next cycle. This is because the contractual requirements for service activation for loads participating in NCESS is different to the RCM so they may not be eligible for capacity credits.
  - Mr Price said, in response to Mr Trumble's prior concern over a lack of incentive to participate as DSP over other services, that there is potential for people to withhold their capacity from that cycle and exacerbate the problem and that this is a tricky problem to manage. He noted that the intent is that there will be no ongoing NCESS processes.

The Chair noted that every effort should be made to ensure that capacity comes through the RCM, and that the question at hand is what can be done in the RCM to make sure it is attractive for demand side response to participate in.

- Mr Trumble noted that it was unclear what NCESS costs were.

The Chair noted that AEMO has already published the 2022 Reliability Services Contract data on NCESS, but that EPWA had received feedback that it is not clear from that information what the size and cost is associated with each contract.

- Mr Cornish said that in the Service Specification, NCESS providers capable of receiving reserve capacity are required to apply for that.

The Chair said an effort should be made to ensure any capable resource is part of the mainstream RCM, otherwise customers pay more because participants delay and then apply under emergency mechanisms.

The Chair asked the working group if any additional changes could be made to give a strong incentive for participants to be part of the main RCM rather than waiting for SRC or NCESS.

- Mr Trumble said that the characteristics of dispatch and timing need to be consistent across programs.

The Chair agreed that there needs to be a uniform approach between services to avoid a situation in which participants are potentially waiting for NCESS and SRC instead of entering the normal mechanism.

The Chair said that EPWA has already reviewed the Rules following the 2022/23 SRC, and has made changes to ensure SRC notice periods are uniform with those of similar services (such as DSPs) under the Rules.

The Chair asked members if they had further recommendations for making these services uniform.

- Mr Trumble said that dispatch requirements, notification requirements and reward information all need to be published for each service for transparency.

The Chair said that EPWA is reviewing the SRC again this year and will, to the extent practicable, create requirements to align SRC contractual service specification arrangements with those in the RCM.

- Mr Ross asked if normal DSP services and SRC withdrawal services could be included together so the list for rotation each year is a combined list. That approach might prevent DSPs always being selected first.
- Mr Price said that payments for SRC are much higher so dispatching them in this way would be equitable, but will impact on market cost.
- Mr Schubert said that the aim of unifying conditions for all the services is good, but questioned whether the need for DSPs to be available for more hours can be matched with the need for a service which is only called upon in situations in which there is capacity shortfall.

The Chair noted that the issue that needs to be solved is how to encourage participation in the RCM rather than having loads waiting for the SRC or NCESS processes. While steps have been taken towards this, including reducing the 200 hours, implementing dynamic baseline and rotation schedule, she sought feedback on what else can be done.

- Mr Alexander noted support for the measures taken so far to encourage loads waiting for SRC to enter the normal RCM, particularly where consistency and transparency have been encouraged. He noted that NCESS needs to be aligned with the main market, as the latter is better for consumers in terms of cost and affordability.
- Mr Schubert asked if the 12-hour availability requirement for DSPs still applied, and whether it is reflective of when they are required. He also noted that some services may

need more than a 2-hour notice period, and the requirement for this may be locking potential providers out.

- Ms Bedola commented that there is still a 12-hour requirement but it is not necessarily 8am-8pm, the time of day is determined by AEMO.

The Chair invited members to make further recommendations to EPWA either in the meeting or outside the meeting.

- Ms Gilchrist said that the proposed clause 4.4B.5(c) has a 10MW limit but this is not mentioned in clause 2.27B.9, which will that mean anything below 10MW will not be disclosed to AEMO.

Mr Ditric acknowledged that was not the intent and said that a separate subclause would be created which would then refer to clause 2.27B.9.

Proposed clause 4.5.2(g):

There were no comments on this item.

Proposed clause 4.5.10:

There were no comments on this item.

Proposed clause 4.5.13(a)viA

Mr Ditric noted that this clause sets out the information that must be included in the Electricity Statement of Opportunities (ESOO) report about the level of curtailment expected for loads.

- Ms Kogon suggested that the proposed drafting might be too broad as it refers to all connection points rather than specific connection points.

Ms Gunn said fixing clause 2.27B.9 will address this concern.

- Ms Kogon said that Western Power will review the drafting of this clause internally.

The Chair reminded the working group that there would be further consultation once the rules have been refined further.

Proposed clause 4.26.2CA

No comments

Proposed clause 7.3.5

Mr Ditric briefly introduced the proposed clause, noting that the purpose was for information on curtailment to be published in real time.

- Ms Kogon asked if the intent in the proposed clauses that have already been discussed was to provide the information ahead of time, and how ahead of time was this meant to be.

Mr Ditric noted that that requirement was to provide this on or before 12 June on year 1 of the capacity cycle. This requirement is for in, or near, real time and requires AEMO to publish information when a load has been curtailed.

- Ms Kogon noted that Western Power advises a curtailment as a forced outage as all current arrangements are post contingent. She questioned whether, moving forward, if loads are constrained in a pre-contingent scenario, provision of triggers ahead of time to AEMO would be sufficient. If Western Power has to advise this ahead of time and then advise again when the curtailment occurs it will essentially be advising AEMO twice.
- Mr Price said that it is unclear which information will be published, and the clause specifically refers to giving information to Market Participants rather than publishing but suggested continuing that discussion with EPWA offline.

The Chair moved the discussion on in the interests of time but invited members to comment on the draft Dynamic Baseline provisions separately.

Item	Subject

7 **Hybrid Facility Sub-metering**

Mr Ditric introduced this item and asked the working group what the objective of hybrid submetering was - to allow two facilities to operate separately, or to have a single facility with multiple meters but all settled separately.

- Mr Huxtable suggested that the intent is to operate the components as separate facilities.

The Chair said that this approach is extremely complex for more than one sub-metered component.

- Ms Bedola noted that initially it may be separating the load from other components, so that the load can be subtracted from the total at the NMI, and that this would be the lowest cost option. Down the line, it may become desirable to have multiple individual facilities behind the same connection. The nature of components behind the connection point would drive which option is more desirable.
- Mr Huxtable said that when the battery in a hybrid facility discharges and the load increases at the same time, the meter at the connection point will read as though a facility is not delivering what is expected.

The Chair confirmed that this would involve a Scheduled or a Semi-Scheduled facility behind the main meter that is separately metered for settlement purposes.

- Mr Huxtable said that this was his original intent, but there is added confusion if the load is a DSP.

The Chair confirmed that allowing this involved a lot of complexity.

- Mr Huxtable said that if allowing just one component to register as a separate facility was easier, then having this would be acceptable.
- Mr Price noted that it depends on the use case, and the feedback AEMO has had is as per Mr Huxtable's comments - that participants want to recognize the different capabilities of components behind the meter to perform different functions. He questioned whether this needed to be done through submetering, noting that in the NEM separate components behind the connection point can be dispatched separately, but are settled at a common metering point for energy. He stated that there could also be completely independent facilities with separate meters. However, this option raises questions about where the notional connection point is, and who is responsible for loss factors and network outages.

The Chair said that it could be cost prohibitive to establish two physical connections to the network to separate that facilities and noted that EPWA is trying to avoid the high cost of connecting facilities in such a way.

The Chair said that the current Rules already allow for metering to be on the site of the participant's network and queried why this could not also be done for two components of a different type.

The Chair said that having more than one separate facility will require a complete redraft of all the registration Rules, while the alternative was to simply allow one of the components to have a revenue meter and then subtract its metering data from that of the meter at the connection point.

- Mr Price said that the problem is that two components are not capable of withdrawing from or injecting into the network at the same time based on a common single connection point with Western Power. In that case, you would lose the direct link of a single facility to a single connection point.

The Chair asked if a solution was to single out one component of a facility that a participant wants to treat differently.

- Mr Price said potentially, but that option needed to be explored further.

Item	Subject
	The Chair asked the working group which of the following two options was preferred: • A special arrangement for more than one separate facility with separate submeters. • Isolate one component and calculate settlement amounts by subtracting its metering values from the main meter. **Action: EPWA to draft rules to separate one component and amend settlement calculations.** • Mr Schubert agreed. • Ms Bedola asked whether settlements could occur at a component level under the current rules. • Mr Price answered that not currently.
7	General Business • Mr Schubert commented that the draft Information Paper had been provided in the MAC papers but not the DSRRWG papers, and asked if the Chair was seeking comments on the Information Paper from the DSRRWG or just from the MAC. The Chair replied that EPWA was only seeking comments on the Information Paper from the MAC.
8	Next Steps EPWA to redraft the amending rules as discussed in today's meeting.

The meeting closed at 11:00AM