



Kevin Ly  
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Dear Kevin

**RE: Participant fee structures**

Enel X welcomes the opportunity to provide feedback on AEMO's Electricity fee structures consultation paper.

Enel X works with commercial and industrial energy users to develop demand-side flexibility and offer it into wholesale capacity, energy and ancillary services markets worldwide, as well as to network businesses. In the NEM, Enel X currently participates in the energy and frequency control ancillary services (FCAS) markets, offers network support to distribution businesses and has developed reserves for AEMO under the RERT framework, including through the ARENA/AEMO demand response trial. We are registered as a Market Small Generator Aggregator (MSGGA), a Market Ancillary Services Provider (MASP), and plan to register as a Demand Response Service Provider (DRSP).

Enel X has comments on two aspects of the consultation paper:

- allocation of fees to recover costs associated with a range of programs relating to integrating distributed energy resources (DER); and
- registration fees.

**DER integration**

The consultation paper states that AEMO requires funding to implement a number of programs across five work streams relating to the integration of DER. While AEMO is seeking government funding to assist in implementing a number of programs, there will still be some costs to be recovered from participants.<sup>1</sup> Options suggested by AEMO for recovering these costs include:

- Recovering any legacy system upgrades required to accommodate DER integration (i.e. for future capability) through allocated NEM fees; and
- Recovering any incremental costs from DNSPs or DRSPs through the electricity retail markets service on a per MWh basis; or
- Recovering any incremental costs from DNSPs or DRSPs through the electricity retail markets service on a per NMI basis.

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<sup>1</sup> AEMO, Electricity fee structures consultation paper, August 2020, p.29.

The five work streams cited include a wide range of programs, many of which primarily relate to or benefit small customers and/or inverter-connected DER. It is not clear from the consultation paper which of these programs the “incremental costs” might relate to.

We note that DRSPs can only be engaged by large customers, and their demand response capabilities may not rely on inverter-connected DER. With this in mind, in allocating any residual costs to DRSPs to fund the incremental costs of the DER programs, AEMO will need to consider carefully the degree to which DRSPs directly benefit from or use the program in order to meet the “reflective of involvement” principle. While the wholesale demand response mechanism is clearly attributable to DRSPs, the remainder of the projects cited have a much wider pool of users and/or beneficiaries and in some instances are not relevant to DRSPs.

### **Registration fees**

Enel X agrees that a review of registration fees is appropriate as macro conditions have changed substantially. The industry is now transitioning to a market characterised by multiple decentralised resources rather than large, centralised generators. As such, it is not clear that the current approach to registration fees is appropriate.

We agree that the fee structure for the registration process should be reflective of the costs involved in assessing them, and note that in some instances the administrative costs of processing an application from a large generator may be similar to those incurred in processing an application for a small DER.

However, there are instances where registration fees do not scale down effectively to enable smaller DER resources to register, or where efficiencies may be gained from processing multiple, similar applications from the same applicant. We consider that registration fees should reflect any scale economies that may be captured in these instances.

Should you have any questions about this submission, please do not hesitate to contact me.

Regards

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