



Australian Government
**Australian Renewable
Energy Agency**

ARENA

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To whom it may concern

Re: AEMO consultation on changes to retail electricity market procedures

ARENA's mandate is to help facilitate a swift and smooth transition to renewable energy-powered grid. As such, we support amendments to energy markets that reflect the changes in the way entities participate in the wholesale market and support the transition to renewable energy. Acknowledging that the existing electricity market and power system is extremely complicated, we support amendments that make systems more intuitive as that can help attract additional investment in this concentrated market.

Consequently, in response to AEMO's issues paper, we:

- support redrawing of registration arrangements to integrate IESS
- support a single NMI for each bidirectional unit (BDU) but question requirement for one DUID per NMI
- request AEMO consider keeping a separate DUID for import and export.

ARENA supports redrawing of registration arrangements

There is a simplified and outmoded representation of the power system, of which everyone is likely aware, where generators are very big, rotating machines connected by the big wires (Transmission grid) and on through the smaller wires (distribution grids) to consumers (houses and businesses). This representation was always an oversimplification, and we are redrawing it now to better integrate batteries.

ARENA notes that registration and scheduling will need revisiting in the future to address other oversimplifications. For instance, power stations could be considered bidirectional facilities if they consume electricity when they aren't generating. Referring to this consumption of electricity as auxiliary load has been an administrative distinction necessary to support a registration system that requires NMIs to identify as either consumers or generators of electricity. Maintaining such a distinction looks increasingly outmoded when pumped hydro facilities may consume more electricity than they generate and consumers increasingly generate their own electricity onsite and export as much if not more than they consume.



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ARENA supports a single NMI per BDU but questions one DUID per NMI

In keeping with the IESS rule changes redrawing of registration requirements, we agree that one physical metering installation should have only one national metering identifier (NMI) so we support AEMO making changes so batteries no longer need to have two NMIs.

However, we question the associated decision to require all BDUs to have one dispatchable unit identifier (DUID). It requires system changes that would require a BDU to submit both import and export prices and quantities at their NMI at the same time in a single bid form (ie 20 tranches with no more than 10 specified as export and import pairs). This move would force AEMO and participants to operate and manage administration of two bid forms. For the record, we have observed an appetite from participants to want to expand the number of DUIDs at a NMI to enable increased financing flexibility (eg partial offtakes).

ARENA requests AEMO consider keeping a separate DUID for import and export

Implementation of the IESS rule change should be in keeping with AEMC's decision-making requirements as AEMO has effectively been delegated market rule-making powers. As such, the single bid-form proposal must meet the NEO.

From the industry session AEMO held on 21 March 2023, we learned changes AEMO is making in August will link the two DUIDs of BDUs, allowing assessment of compliance at the NMI (something provided for in the rule change). We note that this reduces the number of conformance entities and operational burden to the same degree a single DUID would. Also, linking the DUIDs will allow AEMO to create NMI-level constraints, just as a single DUID would.

We trust the consultation AEMO is undertaking means it is open, even at this late hour, to avoid forcing the industry go through the administrative change to a single DUID and the associated costs. Keeping separate DUIDs would eliminate the more significant changes and costs to create a single 20-tranche bid form and the added complication and administrative burden of maintaining both forms in the market system.

Despite this potential, we appreciate revising the implementation in this way would have implications and involve AEMO changes, which ARENA would like to understand. To that end, it is fortunate the AEMC is considering rule changes necessary to implement the original IESS rule change at the same time in case there are any rule changes required. We note the rules do not refer to DUIDs so the changes there could be slight.

Please contact Greg Williams, Principal Policy Adviser, (greg.williams@arena.gov.au) if you want to discuss any part of this submission.

Yours sincerely

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