

Code amendments omnibus two

Submission on the Electricity Authority's
Consultation Paper

9 February 2024

1.1. PRELIMINARY

1. We welcome the opportunity to submit our views in response to the Electricity Authority's (the Authority's) consultation – "Code amendments omnibus two: December 2023".
2. Our submission focusses solely on the Permanent Code amendment to clarify use and availability of controllable load.
3. No part of our submission is confidential.

1.2. PERMANENT CODE AMENDMENT TO CLARIFY USE AND AVAILABILITY OF CONTROLLABLE LOAD

4. Aurora Energy have concerns that the permanent code amendment to clarify use and availability of controllable load is being hastily implemented without the industry fully considering the implications on the roles and responsibilities of the industry participants in a future operating environment.
5. In particular, we note that the Future Networks Forum is currently working to understand the different operating modes of future distribution networks. This work is at the early stages of understanding but there are four emerging modes of operation to achieve coordinated and value stacked management of flexible demand and distributed energy resources:
 - 5.1. Utility Mode
 - 5.2. Contract Mode
 - 5.3. Price Mode
 - 5.4. Emergency/Standards/Regulated Mode
6. Each of the above modes has different commercial arrangements and can complement one another with multi-mode operation. It is envisaged that emergency mode does not contain a commercial component but instead is an obligation through regulation or standards. We think there is more work to be done to understand how the system operators 'Customer Advice Notice' and 'Grid Emergency Notice' fit within the above identified modes of operation or future agreed variations to them.
7. We note that the wholesale price associated with a call for discretionary demand is a signal to purchasers/retailers in the market and we have observed that retailers are increasingly using smart meters to manage their customers load profiles (e.g. controlling hot water cylinders). We are interested in understanding how this changing dynamic will impact the role of ripple response and whether the distributor response is a commercial arrangement, or a rare but critical response to maintaining system security when the market mechanisms have been fully utilised, i.e. emergency mode.

8. We understand that the intent of the difference bids is to preserve the integrity of the wholesale market. However, we question the value in making payments in an emergency context, where a typical supply and demand market response is not present. We consider that in the event of an emergency notice, distributors would be offering available load in the interests of maintaining the energy system, and any resulting payments would simply create administrative churn with no discernible benefit to the electricity system or customers offering access to DER or hot water management. From a practical perspective, we would also like to understand how distributors demand responses would be quantified for the purposes of calculating payments.
9. In summary, we believe there is more work to be done across the industry to understand how demand response should be managed in an emergency context.