

20 November 2020

Sara O'Connor  
Assistant Director, Market Regulations  
Economic Regulation Authority

Submitted via electronic lodgement at <https://www.erawa.com.au/current-consultations>

Dear Ms O'Connor

**Draft findings– AEMO in-period funding submission for implementation of the DER Roadmap**

Western Power welcomes the opportunity to provide feedback to the ERA's draft findings on the Australian Energy Market Operator's (AEMO) in-period funding submission for implementation of the Distributed Energy Resources (DER) Roadmap.

Western Power, along with AEMO, will play a key role in delivering against the 36 actions of the DER Roadmap and is fully committed to the outcomes the Roadmap is trying to achieve. The Roadmap actions are essential for transitioning the South West Interconnected System towards a high DER future and responding to the challenges that are likely to arise in this transition. As the Roadmap acknowledges, "without significantly modifying the way our electricity systems operate, higher levels of renewable participation present risks to power system security and reliability."<sup>1</sup>

These significant modifications will inevitably mean additional costs for both AEMO and Western Power in the transition period, but these costs are part of a future "where the full capabilities of DER can provide benefits and value to all customers."<sup>2</sup> It is therefore anticipated that the costs of transition and implementation are outweighed by the benefits customers will receive.

The actions in the DER Roadmap are at differing levels of certainty in a regulatory sense (eg corresponding changes to the Wholesale Electricity Market Rules, Technical Rules, etc) and without that regulatory certainty, it is difficult to forecast the costs required with precision. Given this, Western Power does not yet have a definitive view of the level of expenditure likely to be made in fulfilling all 36 actions of the Roadmap. In light of this, Western Power appreciates the difficult position AEMO is in attempting to provide a detailed forecast at this point in time. As a result, Western Power expects that AEMO's forecast likely represents a 'best estimate' and will likely be subject to change over time. Western Power understands that AEMO's regulatory regime can appropriately deal with variances to forecast expenditure in a way that ensures customers are not exposed to unnecessary costs.

The uncertainty in expenditure is most prominent for actions relating to the future roles of the Distribution System Operator and Distribution Market Operator (DMO) in the Roadmap (actions 24 to 32). The detailed design work is currently underway with the Energy Transformation Implementation Unit, who have recently undertaken consultation on an issues paper and are seeking to set out roles and responsibilities for DER Orchestration<sup>3</sup>. Western Power submitted to this process our views on the likely future roles<sup>4</sup>. A key point of this process is determining when, or

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<sup>1</sup> [https://www.wa.gov.au/sites/default/files/2020-04/DER\\_Roadmap.pdf](https://www.wa.gov.au/sites/default/files/2020-04/DER_Roadmap.pdf)

<sup>2</sup> *ibid*

<sup>3</sup> <https://www.wa.gov.au/government/document-collections/previous-consultation-process-distributed-energy-resources>

<sup>4</sup> <https://www.wa.gov.au/sites/default/files/2020-10/Western%20Power%20Submission%20-%20DSO%20-%20DMO.pdf>



even if, a DMO role is required in the SWIS. Western Power's view, as per our submission, is that there is insufficient evidence that the role is required in the short term.

Western Power is participating, with AEMO, in Project Symphony which is aiming to work through issues and challenges in operating the power system in this future state which will provide further guidance in developing the framework to support future roles and responsibilities, estimating the requirements and cost .

Western Power notes the ERA's draft findings have focussed on the high labour costs underpinning AEMO's forecasts. As a general observation, Western Power is of the view that in many respects, the work required is highly specialised and likely to require higher cost expertise, as these are emerging issues with no current comparable solution.

If the ERA would like to discuss any aspect of our response, please contact Matt Veryard at [matthew.veryard@westernpower.com.au](mailto:matthew.veryard@westernpower.com.au).

Yours sincerely

**Jacqui Hall**  
Chief Financial Officer