

22 April 2021



Mr Adam Wilson
Chief Executive Officer
Essential Services Commission of South Australia (ESCOSA)

Via Email: escosa@escosa.sa.gov.au

Level 22
530 Collins Street
Melbourne VIC 3000

Postal Address:
GPO Box 2008
Melbourne VIC 3001

T 1300 858724
F 03 9609 8080

Dear Mr Wilson

Extension of licensing exemption for Virtual Power Plant operators

AEMO welcomes the opportunity to provide this submission to ESCOSA in relation to the potential extension and variation of the current exemption from the requirement to hold an electricity generation licence which applies to enrolled participants in the Virtual Power Plant (VPP) Demonstrations being undertaken by AEMO (**Exemption**).

AEMO supports the proposal to extend the term of the Exemption.

AEMO agrees with ESCOSA that VPP operation is a new and developing area. An extension to the term of the Exemption can support continuity between the end of the VPP Demonstrations and the enduring operation of VPPs in the market. AEMO considers that this objective should inform the length of any extension to the term of the Exemption.

AEMO would support an extension to the term of the Exemption of greater than 12 months to allow sufficient time for the following arrangements to be developed in consultation, and implemented, with stakeholders:

- AEMO will continue the VPP Demonstrations at least until amendments have been made to the Market Ancillary Service Specification (**MASS**) to set out ongoing arrangements for distributed energy resource (**DER**) participation in frequency control ancillary service (**FCAS**) markets. AEMO is currently consulting with stakeholders on these (and other) amendments to the MASS, and will not conclude this consultation process until after 30 June 2021 (the current end date for the Exemption).¹
- AEMO notes that further time may be needed to consider and implement any adjustments to the licensing framework so it is fit for purpose for VPPs, and to allow reasonable time for participants in the VPP Demonstrations to apply for, and be granted, any necessary licences prior to the revised Exemption end date.

If VPP operators are required to hold a licence after the end date of the Exemption, AEMO would support the inclusion of a licence condition that would require the VPP operator to provide to AEMO such information that AEMO may reasonably require for the performance of its functions. AEMO notes that such a licence condition would be consistent with the technical requirements for participation in the VPP Demonstrations.

If you would like to discuss any matters raised in this submission, please contact Matt Armitage at matthew.armitage@aemo.com.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Violette Mouchaileh", is written over a light blue horizontal line.

Violette Mouchaileh
Chief Markets Officer