



ENERGY SECURITY BOARD
DER Implementation Plan activities for
Horizon One
Attachment C

December 2021

Table of Contents

1.	DELIVERING THE DER IMPLEMENTATION PLAN	3
1.1.	Addressing key issues.....	3
2.	HORIZON ONE ACTIVITIES	6
2.1.	Getting the most out of our shared network infrastructure for all customers	6
2.2.	Creating value for customers DER and flexible demand by reforming the wholesale market	10
2.3.	Enhancing customer choice and protection.....	13
2.4.	Next steps	17

1. Delivering the DER Implementation Plan

The DER Implementation Plan sets out reform activities necessary to support the effective integration of DER and flexible demand. These reforms address a range of technical, regulatory and market issues over a three-year period. Reforms are intended to leverage technology and data, improve access and efficiency, enhance market participation, and strengthen customer protections and engagement.

Recognising the different stages in the elements of reform, the Plan sets out activities across new and existing workstreams, including contributions from market and industry bodies. The Plan sequences key dependencies to ensure these reforms are introduced quickly, and timed to address urgent needs associated with the rapid take-up of DER. It highlights where interim measures may be introduced to support the industry through the reform process.

A number of reform activities to address urgent issues are already underway across market bodies and within other forums. This is particularly the case for activities identified for Horizon One. There has been tremendous work carried out across a range of stakeholder groups, market bodies, agencies, and jurisdictions and the ESB intends to leverage and build on these insights and foundations where possible and appropriate to do so. Other activities, notably for Horizon Two and Horizon Three, are laid out as placeholders to provide clarity to stakeholders of key issues that will need to be progressed together. Activities over the three-year Plan are set out in **Attachment A**. This Attachment sets out reform activities for Horizon One.

Delivery of the Plan is intended to support achievement of three broad consumer outcomes:

1. *Consumers have access to secure, reliable, affordable, and sustainable energy no matter how they choose to participate*
2. *Consumers can realise the value of their flexible demand and DER*
3. *Fit for purpose protections framework improves experience for all consumers*

Further, while ESB has been tasked with delivery of the Plan, this sets out a roadmap of ‘what’ needs to be done to unlock value for customers by integration of DER and flexible demand. However, ‘how’ these reform activities are developed and implemented will unlock the real value to customers. This is due to the cross-cutting nature of issues and linkages across the range of technical, market and regulatory reforms – all needing a strong focus on customer outcomes. To deliver the Plan and unlock real value to customers will require coordination, collaboration, and a flexible adaptive approach.

1.1. Addressing key issues

In approaching the work program for Horizon One activities in the Plan, we have presented the work program from the perspective of key issues for end customers. This is intended to help to reveal the underlying issues and potential customer insights needed to support delivery of the reforms.

These issues are set out in Table 1 below.

Table 1 Customer outcomes

No.	Customer Outcomes	Horizon One Challenges
1	<i>Consumers have access to secure, reliable, affordable, and sustainable energy no matter how they choose to participate</i>	<p><i>Getting the most out of our shared network infrastructure for all customers.</i></p> <p>How might regulatory and market frameworks adapt to unlock value and choices to all customers from DER assets or flexible demand?</p>
2	<i>Consumers can realise the value of their flexible demand and DER</i>	<p><i>Creating value for customers DER and flexible demand by reforming the wholesale market</i></p> <p>How might we reform the wholesale market to remove barriers for service providers to enter and offer new products and services? How can we adapt current settings to better value the flexibility customers may choose to offer?</p>
3	<i>Fit for purpose protections framework improves experience for all consumers</i>	<p><i>Enhancing customer choice with fit for purpose protections</i></p> <p>How do we enhance choice for customers and promote innovation while keeping them protected and maintaining their access to essential services?</p>

Activities underway or planned to support these outcomes over **Horizon One** are set out in the following section as follows:

- **Discussion of the issues being addressed to achieve the three broad customer outcomes**
 - What are key design considerations that will help to inform these activities?
- **What reform activities are underway to address this in Horizon One**
 - The range of reform activities planned or underway for Horizon One that will work to addressing these issues are set out.
 - Some activities are well progressed, and others will be taken forward over 2022. For each activity, the lead agency and relevant process is highlighted.
 - The ESB will work with each agency to coordinate key milestones and inform decision points with relevant insights from across the reform program.
- **What are next steps for each activity and how can stakeholders get involved**
 - Some activities have placeholders for planned workshops or consultation processes over 2022; these have been highlighted to support stakeholder planning purposes.
 - The ESB will work with each of the agencies leading the reform activities to coordinate regular reporting and align consultation processes (where possible and appropriate) across the reform program.
- **Customer insights to inform Horizon One activities**
 - What are the key customer insights needed to inform the design and implementation of the reforms?

The ESB note that some activities will continue or evolve over Horizons Two and Three of the Plan as integration and reform activities continue over this period. However, it will be necessary to adapt

reform activities to meet these changing needs as delivery of the reforms progresses, and insights emerge to better inform future activities. Given the scale of activities underway for Horizon One we have sought to focus planning activities for this phase first and will build on these with customer and stakeholder input.

Interdependencies across reform activities from the perspective of systems and IT implementation are also being considered as part of the AEMO systems and IT regulatory reform roadmap.¹

¹ This roadmap was identified as a priority activity in the ESB Post-2025 final advice. AEMO has commenced work on this integrated roadmap with its Reform Delivery Committee.

2. Horizon One activities

2.1. Getting the most out of our shared network infrastructure for all customers

How might regulatory and market frameworks adapt to unlock value and choices to all customers from DER assets or flexible demand?

The rapid uptake of rooftop PV has led to Australia being a world leader in the penetration of DER. As set out in the ESB Post-2025 Final Advice, the pace of uptake is creating challenges in maintaining system security associated with low system load.

To manage growing minimum load issues at a system level, and local congestion at different points within the distribution grid, the ESB also recommended the introduction of dynamic operating envelopes (DOEs), where maximum levels for exporting and importing are set and change over time. The introduction of DOEs are intended to support better management of congestion on the distribution network and allow for more flexibility in exporting.



Introduction of DOEs have the potential to enable a more efficient use of the shared network, reducing the need for further investment to augment network infrastructure. These arrangements are being trialled in parts of the NEM at present. Implementing DOEs in a way that can best unlock value to all customers, allowing customers to make the most from their investments in DER assets, and increasing overall network efficiency, will need consideration of both the market and regulatory frameworks.









The DER Implementation Plan also includes reforms to expand consumer choice and reduce barriers for service providers to offer products and services to customers, ultimately increasing consumer choice, through flexible trading arrangements (FTAs). An important component of this work in Horizon One will be the need to consider the role of Traders (retailers and aggregators) under different FTA settings within the connection agreement framework for DOEs, noting that connection agreements are between customers and networks.


Decisions about the coverage of mandatory interoperability standards, communications, and control functionalities, and importantly consumer acceptance and experience of business models which leverage DOEs and FTAs, will need to be considered in an integrated way.

2.1.1. What reform activities are underway to address this in Horizon One?

Table 2 Horizon One activities

	Reform activities	Lead agency / relevant process
	<p>Customer Insights Collaboration</p> <ul style="list-style-type: none"> • Co-design approach to reveal insights on the key cross-cutting customer issues • Horizon One topics to be explored <ol style="list-style-type: none"> a) Release 1 - rewarding customers for flexibility b) Release 2 – how do customers want to give and receive signals to the market 	ESB leading the Collaboration workshops and development of knowledge sharing reports to share insights
	<p>Flexible Trading Arrangements – development of Rule Change proposal</p> <ul style="list-style-type: none"> • Considering new regulatory arrangements to provide customers with the means to engage with more than one energy services provider and to separate controllable loads and generation (such as solar PV, 	AEMO developing Rule Change proposal

	Reform activities	Lead agency / relevant process
	batteries, EVs and pool pumps) from uncontrollable resources (the primary source of electricity to a customer's home or business).	
	Development of Dynamic Operating Envelopes <ul style="list-style-type: none"> An industry collaboration to explore the technical issues relating to role DOEs can play in better managing of dynamic local networks and extreme events (e.g., to support understanding of hosting capacities and constraints, development of minimum system load measures, and dynamic operating envelopes). 	DEIP workgroup (facilitated by ARENA)
	Development of technical standards <ul style="list-style-type: none"> Work underway via relevant DEIP workgroups (Interoperability, Electric Vehicle Charging, DER cyber standards) to identify gaps and relevant international technical standards that could be modified/adopted for the NEM. 	DEIP workgroup (facilitated by ARENA)
	Development of policy advice for application of technical standards <ul style="list-style-type: none"> Development of policy advice to provide direction to DEIP on application of interoperability technical standard features ESB to consider issues and provide advice - enabling effective interoperability will mean customers can switch and access choice between DER service providers ESB to consider issues relating to EV smart charging standards and policies and implementation approaches to support customer and system outcomes. 	ESB developing assessment framework and policy direction for consultation Policy advice to be issued regarding application of technical standards
	Policy and Regulatory Framework for Dynamic Operating Envelopes <ul style="list-style-type: none"> Consideration of policy and implementation issues, including best practice capacity allocation rules, monitoring and compliance arrangements and connection agreement terms and conditions. 	AER to undertake review
	Governance of DER Technical Standards Rule Change proposal <ul style="list-style-type: none"> Proposal for new governance arrangements for DER technical standards to address the inability to implement consistent technical standards across the NEM and the need for a fast, flexible, and transparent standards setting process. 	AEMC considering rule change proposal
	Review of regulatory arrangements for metering services <ul style="list-style-type: none"> A review to consider options to accelerate the rollout of smart meters and associated outcomes for customers, including aligning incentives, access to data and improving the installation experience. 	AEMC undertaking a review
	DSO roles and responsibilities and potential tariff reforms <ul style="list-style-type: none"> A review of DSNP responsibilities in relation to the Distribution System Operator (DSO) transition, community storage, Distribution Use of System (DUoS) and DER energy service procurement. A review to the regulatory frameworks connected to tariff reform to evolve price signals to reflect times of network congestion, procurement of network services, community storage and Local Use of System charging, and ringfencing issues pertaining to responsibilities and obligations as the DSO. 	AEMC to undertake a review ESB to consider scope and role for network services – input to review process
	Develop shared capabilities – IT roadmap <ul style="list-style-type: none"> Working with industry on a roadmap to update existing systems and ensure they appropriately support future capabilities and needs to 	AEMO have commenced industry engagement on a

	Reform activities	Lead agency / relevant process
	minimise overall costs, building on the existing Regulatory Implementation Roadmap and reflecting Post-2025 reform program.	forward-looking systems and regulatory roadmap
	DER access and pricing rule change <ul style="list-style-type: none"> A rule change to update the National Electricity Rules (NER) and National Energy Retail Rules (NERR) to integrate DER such as small-scale solar and batteries more efficiently into the electricity grid. 	COMPLETE

2.1.2. What are the next steps for each of the reform activities?

Table 3 below sets out next steps and indicative timing for engagement for each of these activities over Horizon One.

Table 3 Horizon One – next steps for reform activities

December	CIC Release 1 – call for evidence for research to inform Release 1	Interoperability Policy (solar storage and inverters) – ESB consultation paper	Governance of DER Technical Standards Rule Change - draft determination		
January	DEIP - DOE Workgroup Paper published				
February	CIC Release 1 – publish first round of research	CIC Release 1 – Workshop 1	Development of technical standards – Interoperability policy Stakeholder forums		
March	Interoperability Policy (solar storage and inverters) – ESB Directions Paper	AEMO IT Systems Roadmap	Governance of DER Technical Standards Rule Change – AEMC final determination	Flexible Trading Arrangements – AEMO engaging with stakeholders on development of FTA proposal	DSO – role and scope of network services ESB to engage with stakeholders on issues
April	CIC Release 1 – Workshop 2	AEMC - Review of regulatory arrangements for metering services	Development of technical standards – EV charging policy Consultation paper		

May	Development of technical standards – EV charging policy Stakeholder forums				
June	CIC Release 1 – Workshop 3	Policy and Regulatory Framework for DOEs – AER Issues Paper			
July	CIC Release 1 – Publish knowledge sharing report	Development of technical standards – EV charging policy ESB Policy Paper			
August	CIC Release 2 – Workshop 1	CIC Release 2 – Publish second round of research	DSO Roles and responsibilities – AEMC review to commence		
September	Policy and Regulatory Framework for DOEs – AER Directions Paper				
October	CIC Release 2 – Workshop 2				
November	CIC Release 2 – Workshop 3				
December	CIC Release 2 – Publish Knowledge Sharing Report				

2.1.3. Customer insights to inform Horizon One activities

In the first release of the Customer Insights Collaboration (the Collaboration), the ESB will be working with customer groups, industry stakeholders and interested parties to consider:

What are barriers to rewarding customers for their flexibility?

- What might this need to consider in the context of DOEs and how these could impact customers?
- How might the energy sector need to communicate and engage with consumers about what DOE's mean for them? i.e., As part of an enduring solution to addressing network congestion issues which have given rise to the need for emergency backstop measures?

- How might the energy sector gain and build social licence with customers? How might we build upon work carried out with DEIP (in the DER access and pricing workgroup) to build a collective shared language and understanding around how to better value and enable demand flexibility?
- How might import and export capacity (from the connection point) be allocated, balancing efficiency and distributional equity considerations, and critically, the ability of different consumers to engage with new arrangements and manage their energy use?
- What might be customers' needs and expectations in relation to interoperability for different customers with and without DER? For example, core customer expectations about health, safety and convenience, and the conditions under which customers are willing to delegate in-home/business energy management to DER service providers?
- What might be key friction points for customers in regard to switching and lock-in risks (in relation to new DER services) drawing on evidence in energy and related markets?

2.2. Creating value for customers DER and flexible demand by reforming the wholesale market

How might we reform the wholesale market to remove barriers for service providers to enter and offer new products and services? How can we adapt current settings to better value the flexibility customers may choose to offer?

Initial reforms over Horizon One of the DER Implementation Plan focus on rewarding customers for their flexible demand and increasing value to the system from flexible resources. Customers should benefit from building flexibility into their energy use with potential revenue where this flexibility can be offered (through a retailer or aggregator) to the wholesale market.









To provide these opportunities to customers, changes are needed to make it easier for innovative new retailers and service providers to enter the market enabling customers to benefit from greater choice and competition. This does not mean small customers will have to do more in the market. Customers will continue to interface with retailers and aggregators, but retailers and aggregators will have new opportunities to engage in the market and offer different choices to customers. Where customers wish to engage more than one service provider (e.g., for their standard energy use to be managed separately to supplies for their electric vehicle), arrangements should support this.


Market arrangements in the NEM have traditionally been structured around larger generating resources. Demand based resources could participate but this has always been seen on a more limited basis, and typically only with very large loads. The ESB Post-2025 Final Advice, and recent ARENA studies, highlighted the significant latent value with untapped potential demand flexibility across the system. Where barriers to enabling customers to offer this flexibility can be addressed (where they choose to do so), this will better level the playing field, enable greater participation in the wholesale market (with larger customers with commercial processes, as well as smaller customers engaging with service providers offering new products and services). Technology advances mean we can better engage these different forms of flexibility. Enhancing information to better support customers and participants to make decisions will support removing some existing barriers, enabling a better understanding of the needs of the system at different times, the potential flexibility available and the value that can be accessed.

2.2.1. What reform activities are underway to address this in Horizon One?

Table 4 below sets out the range of reform activities planned or underway for Horizon One that will work to addressing these issues.

Table 4 Horizon One activities

	Reform activities	Lead agency / relevant process
	Customer Insights Collaboration <ul style="list-style-type: none"> Co-design approach to reveal insights on the key cross-cutting customer issues Horizon 1 topics to be explored <ul style="list-style-type: none"> Release 1 - rewarding customers for flexibility Release 2 – how do customers want to give and receive signals to the market 	ESB leading the Collaboration workshops and development of knowledge sharing reports to share insights
	Integrating Battery Storage Rule Change <ul style="list-style-type: none"> Making it easier for energy storage systems and hybrid facilities to register and participate in the national electricity market. A step towards enhanced customer choice under Flexible Trading Arrangements. 	COMPLETE
	Flexible Trading Arrangements – development of Rule Change proposal <ul style="list-style-type: none"> Considering new regulatory arrangements to provide customers with the means to engage with more than one energy services provider and to separate controllable loads and generation (such as solar PV, batteries, EVs and pool pumps) from uncontrollable resources (the primary source of electricity to a customer’s home or business). 	AEMO developing Rule Change proposal
	Scheduled Lite <ul style="list-style-type: none"> Developing an initial mechanism for smaller and demand side resources to ‘opt-in’ to scheduling to provide greater visibility over these resources to allow AEMO to better forecast and operate the wholesale market efficiently. 	AEMO commencing design and industry engagement
	Emergency backstop measures to support system security <ul style="list-style-type: none"> Implementing ministerial lever for emergency backstops across all jurisdictions to provide last-resort protections from the system security risks associated with emerging minimum load conditions. 	Jurisdictions leading implementation of ministerial emergency levers
	ARENA trials to value load flexibility <ul style="list-style-type: none"> A trial program to test the feasibility of a turn up service which reward flexible load for shifting to less critical times of the day, and consider important design components such as technology, baselines, pricing, and settlement arrangements. 	ARENA – taking applications to under the Advancing Renewables Program
	Enhanced information provision regarding Minimum System Load conditions <ul style="list-style-type: none"> AEMO working with industry stakeholders to develop market event reporting framework for Minimum System Load. Considering opportunities to enhance MT PASA information reporting (consistent with guidelines) to better understand the conditions and that lead to minimum system load events and when there is value in shifting flexible load to support the system needs. 	AEMO Minimum System Load Market Notice Framework (IMPLEMENTED) AEMO to consider enhancements to MT PASA
	Project Edge <ul style="list-style-type: none"> Drawing insights about fit for purposes regulatory requirements, including scheduled lite, roles and responsibilities, and data requirements, from a trial of a DER Marketplace enabling aggregated DER to provide efficient, secure, and coordinated wholesale and local network support services at the grid edge. 	AEMO Operational trial planned to commence in early 2022

	Reform activities	Lead agency / relevant process
	Wholesale Demand Response Mechanism <ul style="list-style-type: none"> Providing greater opportunities for consumers to participate in the wholesale market by bidding in demand reductions as a substitute for generation. The WDRM is a first step in enabling greater demand side response, and further participation is being supported through reforms such as flexible trading arrangements and scheduled lite. 	AEMO has implemented this reform (Oct 21). Next steps include post-implementation review

2.2.2. What are the next steps for each of the reform activities?

Table 5 below sets out next steps for each of these activities over Horizon One.

Table 5 Horizon One – next steps for reform activities

December	CIC Release 1 – call for evidence for research to inform Release 1	Integrating battery storage rule change – final determination issued	ARENA Trials to value load flexibility – applications open		
January					
February	CIC Release 1 – publish first round of research	CIC Release 1 – Workshop 1	ARENA Trials to value load flexibility – applications close	Scheduled Lite – AEMO to engage industry on high level design for visibility model	
March	Flexible Trading Arrangements – AEMO engaging with stakeholders on development of FTA proposal				
April	CIC Release 1 – Workshop 2	AEMO – review of WDRM implementation	ARENA Trials to value load flexibility – Panel considers applications	MT PASA – AEMO to engage with stakeholders on rule change proposal	
May					
June	CIC Release 1 – Workshop 3	Scheduled Lite – AEMO to propose rule change			
July	CIC Release 1 –				

	Publish knowledge sharing report				
August	CIC Release 2 – Workshop 1	CIC Release 2 – Publish second round of research			
September					
October	CIC Release 2 – Workshop 2				
November	CIC Release 2 – Workshop 3				
December	CIC Release 2 – Publish Knowledge Sharing Report				

2.2.3. Customer insights to inform Horizon One activities

In the first release of the Collaboration, the ESB will be working with customer groups, industry stakeholders and interested parties to consider:

What are barriers to rewarding customers for their flexibility?

- What types of businesses and loads are participating in the WDRM and what has their experience been to date? What feedback do participating customers have about the technical and administrative requirements to participate, particularly communications telemetry and the process around obtaining baselines? How have businesses, and any demand response service providers acting on their behalf, been able to respond to furnish the market operator with information and respond to dispatch instructions? How has participating in demand response impacted the ability of businesses to manage their production process, and achieve their targets? What technologies, services and advice have helped businesses participate?
- What feedback do customers have about the new market notices and supporting communications in relation to Minimum System Load?
- What are the barriers, if any, to self-forecasting in relation to Schedule Lite mechanisms? How far ahead of time would a customer or demand-based resource be able to provide meaningful forecasts of their likely behaviour?
- How might other regulatory or policy settings be adapted to better value the potential flexibility customers can offer? What might a mix of financial and non-financial incentives look like and work in practice?

2.3. Enhancing customer choice and protection

How do we enhance choice for customers and promote innovation while keeping them protected and maintaining their access to essential services?

With new technology now available, there is great potential for customers to be rewarded for their export of electricity, managing their load across the day, and for providing services to the network.

Over 3 million households across the NEM have already made investments in solar panels, generating energy from their rooftops. Similar uptakes are anticipated in batteries and electric vehicles as technology improves and the price for these assets continues to fall. Service providers are now beginning to offer new products and services to energy customers to optimise value from these customer owned assets.

In the Post-2025 Final Advice to Ministers, the ESB recommended a range of reforms to expand choices available to customers, including to enable customers to engage more than one energy service provider to access these new opportunities. This also includes reforms to make it easier for energy service providers to participate in wholesale electricity markets on behalf of households and businesses to unlock the value from these customer owned assets and flexible demand (e.g., from pool pumps or hot water services).




With new energy services comes the greater potential for consumer detriment. Building trust with consumers in relation to the delivery of new energy services including through robust and fit for purpose consumer protection arrangements is a key enabler to the successful integration of DER and demand side services into the market. The DER Implementation Plan includes, for example, reforms to ensure that customers who have installed DER technologies linked to different services can easily switch between service providers to mitigate the risks of being locked-in to a particular arrangement. Balance is needed to reduce the potential for added complexity or information overload (and further friction for customers).


The Retailer Authorisation and Exemption Review being led by AER is an opportunity to explore how business models reflecting these reforms could work for customers in a range of difference circumstances. Using the Consumer Risk Tool to reveal potential harms and how they can be mitigated to ensure consumers can engage with new DER and flexibility services with confidence.

2.3.1. What reform activities are underway to address this in Horizon One?

Table 6 below sets out the range of reform activities planned or underway for Horizon One that will work to addressing these issues.

Table 6 Horizon One activities

	Reform activities	Lead agency / relevant process
	<p>Customer Insights Collaboration</p> <ul style="list-style-type: none"> • Co-design approach to reveal insights on the key cross-cutting customer issues • Horizon 1 topics to be explored <ul style="list-style-type: none"> • Release 1 - rewarding customers for flexibility • Release 2 – how do customers want to give and receive signals to the market 	ESB leading the Collaboration workshops and development of knowledge sharing reports to share insights
	<p>Flexible Trading Arrangements – development of Rule Change proposal</p> <ul style="list-style-type: none"> • Considering new regulatory arrangements to provide customers with the means to engage with more than one energy services provider and to separate controllable loads and generation (such as solar PV, batteries, EVs and pool pumps) from uncontrollable resources (the primary source of electricity to a customer’s home or business). 	AEMO developing Rule Change proposal
	Retailer Authorisation and Exemption Review	AER undertaking a review

	Reform activities	Lead agency / relevant process
	<ul style="list-style-type: none"> A review to consider whether existing consumer protections should be extended to new models of essential service supply. The review is being informed by insights about potential harms revealed by Consumer Risk Tool assessment. 	
	Review of regulatory arrangements for metering services <ul style="list-style-type: none"> A review to consider options to accelerate the rollout of smart meters and associated outcomes for customers, including aligning incentives, access to data and improving the installation experience. 	AEMC undertaking a review

2.3.2. What are the next steps for each of the reform activities?

Table 7 below sets out next steps for each of these activities over Horizon One.

Table 7 Horizon One – next steps for reform activities

December	CIC Release 1 – call for evidence for research to inform Release 1				
January					
February	CIC Release 1 – publish first round of research	CIC Release 1 – Workshop 1	AER - Retailer Authorisation Review – consultation paper		
March	Flexible Trading Arrangements – AEMO engaging with stakeholders on development of FTA proposal				
April	CIC Release 1 – Workshop 2	Review of regulatory arrangements for metering services AEMC review			
May					
June	CIC Release 1 – Workshop 3	AER - Retailer Authorisation Review AER paper			

July	CIC Release 1 – Publish knowledge sharing report				
August	CIC Release 2 – Workshop 1	CIC Release 2 – Publish second round of research			
September					
October	CIC Release 2 – Workshop 2				
November	CIC Release 2 – Workshop 3				
December	CIC Release 2 – Publish Knowledge Sharing Report				

2.3.3. Customer insights to inform Horizon One activities

In the first release of the Collaboration, the ESB will be working with customer groups, industry stakeholders and interested parties to consider:

What are barriers to rewarding customers for their flexibility?

- What might this look like in a market where new opportunities are opening up (with new products and services)?
- What has been consumers’ experience with DER and flexibility services to date at each point in the customer journey (choosing, installing, operating, trouble shooting and help)? What are the friction points and what might be contributing factors?
- What are the practical issues (potential barriers) household and business customers may encounter in engaging with more than one energy services provider (and separating discretionary and non-discretionary load)?
- What foundational measures (e.g., market design, consumer protections and other arrangements) need to be in place for consumers to trust and have confidence to engage with emerging DER and flexibility services? For example, in addition to interoperability of DER and communications devices to support switching (at a technical level), what information would customers need to compare DER and flexibility service offers and make informed choices?
- How might customers experience the next generation of DER and flexibility services enabled by FTAs, and what benefits and risks need to be considered in the design and implementation of this reform?
- Using the Consumer Risk Tool,² what might be the potential customer harms associated with emerging business models enabled by FTA, dynamic operating envelopes (DOEs) and related DER Implementation Plan reforms.

² The ESB developed a Customer Risk Assessment Tool as part of the Post-2025 Final Advice.

- What system, device and other technical capabilities and changes are required to effectively enable Flexible Trading Arrangements (FTAs) and how might these be implemented?
- What changes are necessary to enable customers to switch between Traders (retailers and aggregators) with limited 'friction' (i.e., without too much difficulty or cost)? What might be minimum standards for effective sharing and communication of data (between relevant parties) to enable this to happen?
- How might FTAs best unlock benefits for customers? What needs to be in place so FTAs can work best with the introduction of DOEs?
- What are current barriers to customers engaging in new products and services? How might these barriers be addressed to better enable participation and value flexible demand?

2.4. Next steps

The ESB welcomes feedback from customer groups, industry stakeholders and interested parties on the issues and key areas requiring consumer insights raised in this Attachment. The ESB also welcomes input on whether there are other cross cutting issues that should also be considered in the development of Horizon One reforms. Feedback should be sent to info@esb.org.au.

The ESB will also work with peak bodies and interested parties to schedule workshop discussions on the issues and questions raised in this Attachment from **late January / early February 2022**.