

10 March 2017

Mr Rob Jackson
Australian Energy Market Operator
Level 22, 530 Collins Street
Melbourne VIC 3000

By electronic submission to rob.jackson@aemo.com.au

Dear Mr Jackson

Market Ancillary Service Specification - Issues Paper

Hydro Tasmania appreciates the opportunity to make a submission to the Australian Energy Market Operator's (AEMO) consultation on the Market Ancillary Service Specification (MASS) Issues Paper.

Hydro Tasmania was supportive of the AEMC's rule change to unbundle ancillary services from energy in support of enabling more participation in the provision of ancillary services. AEMO's consultation to update the MASS is a good opportunity to enable consideration of the AEMC's rule change as well as broader technology developments.

In relation to the interaction of regulation and contingency services, Section 3.2.5 states that "once the frequency has returned to the normal operating frequency band, the market ancillary services provider would be required to ramp back its ancillary services unit to...its pre-contingency state for a non-scheduled generating unit or non-scheduled load."

Hydro Tasmania believes that requiring a non-scheduled generating unit or a non-scheduled load to ramp back to its pre-contingency state is unreasonable. Given that they do not follow specific energy targets in normal dispatch, as the system frequency has returned to normal, there should be no requirement on non-scheduled loads/generators to return to a pre-contingent state following FCAS delivery. In the case of either generating units or loads, providing FCAS via tripping the circuit breaker to reduce generation or load, this requirement is impractical as it would require an operator to restart and would therefore be unable to return to a pre-contingency state automatically.

In verifying the performance of plant, Section 3.3.2 states that "plant with a performance outside a tolerance limit may be considered as non-conforming". It is unclear how this definition would be interpreted and applied. One interpretation could imply that only units being dispatched by AEMO should provide FCAS and units that are not being dispatched should not provide FCAS. Yet, generally governors will respond to frequency disturbances

regardless of being dispatched for FCAS and are therefore essentially providing 'free' FCAS to the market. These governors are providing a valuable market service that would otherwise need to be paid for. In verifying the performance of the plant, however, these units may be performing outside a tolerance limit (i.e. over delivery) and may therefore be considered to be non-conforming. Hydro Tasmania believes that those units that are providing 'free' FCAS through governor response should not be treated as non-conforming for over delivery and that the MASS should reflect this aspect of market operation.

Please contact Prajit Parameswar on (03) 6230 5612 and/or Vedran Kovac on (03) 6230 5292 if you would like to discuss any matters associated with this submission.

Yours sincerely

A handwritten signature in blue ink that reads "John Cooper". The signature is written in a cursive, flowing style.

John Cooper
Policy & Regulatory Analyst