



6 December 2019

Matthew Holmes
Principal, System Performance and Commercial
Australian Energy Market Operator

Lodged via email: matthew.holmes@aemo.com.au

Dear Mr Holmes

AEMO: ISSUES PAPER ON MARKET ANCILLARY SERVICE SPECIFICATION

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the changes to the Market Ancillary Service Specification (MASS) that has been proposed by Australian Energy Market Operator (AEMO).

Generators contribution to frequency response should be recognised

A generator providing contingency Frequency Control Ancillary Services (FCAS) that is also configured to provide Primary Frequency Response (PFR) will respond to frequency deviations both inside and outside the Normal Operating Frequency Band (NOFB). Given this, we agree that if the rules are changed to provide for mandatory PFR, then responses within the NOFB should be included in the verification of FCAS providers.

However, Origin also notes that the need for this change to the MASS highlights the distortionary impact of not compensating all providers of PFR. While a generator that offers contingency FCAS will be rewarded for the provision of PFR other generators will be obliged make the same PFR response but receive no compensation.

Recording all responses will incur costs

AEMO has stated its preference for method 3 as a means of verifying responses given that it is based on actual data. The main issue with this approach is the need to increase the pre-recording window which will require generators to store more data. This is likely to result in higher metering costs for generators providing contingency FCAS.

It is our understanding that once a generator's governor settings are set, most responses will follow a predictable pattern. Therefore, it would be unnecessary to measure every response, as they are likely to be predictable for most deviations.

Additionally, the AEMC's Frequency Control Frameworks Review identified high metering costs as a barrier for small generators entering FCAS markets. In its final report the AEMC recommended that work be undertaken to reduce metering costs to allow for broader participation in the market. AEMO should therefore consider the extent to which the data requirements under method 3 is contrary to this objective.

Origin considers that method 2 (which utilises historic test data for verification of frequency responses) is more appropriate given the expected general repetitive nature of the outcomes.

We are encouraged by AEMO's statement that "this consultation does not replace the need for a broader review of the MASS, which AEMO will conduct separately and, potentially, in parallel, with this

consultation.”¹ We look forward to providing input into the upcoming full review of the MASS and request that AEMO provide a timeline of the planned commencement of this work.

Should you have any questions or wish to discuss this submission further, please contact Alex Fattal via email alex.fattal@originenergy.com.au or phone, on (02) 9375 5640.

Yours sincerely



Steve Reid
Group Manager, Regulatory Policy

¹ AEMO, 2019, *Market Ancillary Service Specification Issues Paper*, p3.