



EnergyAustralia

LIGHT THE WAY

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Australian Energy Market Operator,
Level 22, 530 Collins Street,
Melbourne, VIC 3000.

Lodged electronically: mass.consultation@aemo.com.au

Dear MASS Team,

EnergyAustralia Pty Ltd
ABN 99 086 014 968

Level 19
Two Melbourne Quarter
697 Collins Street
Docklands Victoria 3008

Phone +61 3 8628 1000
Facsimile +61 3 8628 1050

enq@energyaustralia.com.au
energyaustralia.com.au

FAST FREQUENCY RESPONSE MARKET ANCILLARY SERVICES SPECIFICATION DRAFT DETERMINATION

EnergyAustralia (EA) welcomes the opportunity to comment on the Australian Energy Market Operator's (AEMO's) Fast Frequency Response (FFR) Market Ancillary Service Specification (MASS) Issues Paper. EA is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. EA owns, contracts and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar and wind assets. Combined, these assets total 4,500MW of generation capacity.

EA is dedicated to building an energy system that lowers emissions and delivers secure, reliable and affordable energy to all households and businesses. This requires being a good neighbour in the communities we operate in. We, therefore, recognise the value in working with Aboriginal and Torres Strait Islander peoples as the traditional custodians of this land. We acknowledge and respect their continued connection to all aspects of Country.

EA appreciates AEMO's additional efforts to investigate whether FFR MASS settings are appropriate in light of ongoing technological and operational change. Ensuring these settings are fit for purpose will be a vital enabler of a rapid and robust energy market transition.

Most Draft Settings Are Supported

EA agrees with the rationale for most of the proposed draft settings. Many of these align with the sentiments in our earlier submission. Where different, sufficient additional clarity has been provided to mollify our concerns. We, therefore, support the proposed approach for:

- general settings;
- technology types;
- clarification of control and metering sampling rates, including the introduction of the new testing requirement standard; and

- further investigation into switching controllers, overload capacity and geographic procurement.

One other clarification that may be useful concerns initiation delay. This is not currently defined, and it may help with the noted confusion around sampling rate and scanning rate issues. We also highlight that many residential and mass market Original Equipment Manufacturers (OEMs) are still catching up with the requirements for Fast Frequency Control Ancillary Services (FCAS). Greater clarity would help with understanding whether the new specifications can be met with current product offerings and, if not, with decisions around investment and timing in metering solutions that do. Combined with the above settings, we consider this will help to:

- ensure secure system outcomes at the lowest cost to customers,
- avoid placing an undue burden on service providers, and
- minimise any delays in Virtual Power Plant (VPP) service providers entering the two new markets.

Frequency Disturbance Time Changes And Primary Frequency Response Clarifications Are Most Welcome

We thank AEMO for addressing stakeholder concerns on the proposal to move back to Frequency Disturbance Time (FDT) as the starting point for FCAS measurement. In particular, Matthew Holmes, who provided further key detail and insight on the intent of the proposed change. The earlier Issues Paper was somewhat ambiguous and led to several proponents questioning how this would work in practice. In particular, given the interaction with, and recognition of, Primary Frequency Response (PFR).

The Draft Determination makes many changes to address these concerns. These include:

- new examples,
- extended and improved explanation,
- a new deadband adjustment mechanism,
- setting the baseline frequency over a period of time instead of using a point estimate, and
- a commitment to enshrine recognition of PFR provided within the Normal Frequency Operating Band (NOFB) as counting toward contingency FCAS obligations.

We note and agree with the commentary on page 62 that no single methodology will work ideally in every conceivable circumstance. However, we consider the proposed refinements constitute a clear and cohesive approach to fairly and accurately measuring FCAS performance. Moreover, that it should be robust in the vast majority of cases. We, therefore, support these changes to facilitate the move back to FDT as the starting point for FCAS measurement.

Costs of Capping FCAS Registered Capacity Must Be Minimised

As with FDT, EA appreciates the extra AEMO analysis on the impact of the multiplier effect on frequency nadir. We agree that new examples better illustrate the potential magnitude and severity of the issue than those used in the Issues Paper. The new examples add further weight to our earlier stated position that participants should not be

paid for services not actually delivered. As expressed in our earlier submission, doing so will keep customer costs as low and as transparent as possible.

Despite this support, we reiterate our earlier position that existing providers should not bear any financial impost from this change. Forced re-registration of existing plant that has already demonstrated market compliance seems to be introducing additional regulatory burden and costs for no benefit. In particular, if they have no intent in participating in the new Very Fast FCAS market which is the genesis of the proposed changes. If re-registration is deemed to be required for existing plant, we strongly encourage AEMO to handle this automatically at no cost to participants.

We look forward to reading the Final Determination in due course. In the meantime, we are more than happy to provide further commentary on the matters above. Please feel free to contact me via sarah.ogilvie@energyaustralia.com.au to arrange a time to discuss.

Regards,

Sarah Ogilvie

Regulatory Affairs Leader