



21 December 2022

Australian Energy Market Operator

Submitted via email: cfg.consultation@aemo.com.au

Dear Sir/Madam

Submission: Constraints Formulation Guidelines and Schedule of Constraint Violation Penalty Factor

CS Energy welcomes the opportunity to provide a submission to the Australian Energy Market Operator's (**AEMO's**) consultation on the Constraints Formulation Guidelines (**the Guidelines**) and Schedule of Constraint Violation Penalty Factor (**CVP**)

About CS Energy

CS Energy is a proudly Queensland-owned and based energy company that provides power to some of our state's biggest industries and employers. We employ almost 500 people who live and work in the Queensland communities where we operate. CS Energy owns and operates the Kogan Creek and Callide B coal-fired power stations and has a 50% share in the Callide C station (which it also operates). CS Energy sells electricity into the National Electricity Market (**NEM**) from these power stations, as well as electricity generated by Gladstone Power Station for which CS Energy holds the trading rights.

CS Energy also provides retail electricity services to large commercial and industrial customers throughout Queensland and has a retail joint venture with Alinta Energy to support household and small business customers in South-East Queensland.

CS Energy is creating a more diverse portfolio of energy sources as we transition to a new energy future and is committed to supporting regional Queensland through the development of clean energy hubs at our existing power system sites as part of the Queensland Energy and Jobs Plan (**QEJP**).

Key views and feedback

The NEM is changing and will continue to do so as it transitions to a market with more Variable Renewable Energy (**VRE**) and an overall lower carbon footprint. This transition will

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bring changes in how power system security is managed, and CS Energy thus supports the review and update of the Guidelines in accordance with good electricity industry practice.

The overall objective of the Guidelines is to provide Participants with confidence and transparency in the dispatch process which in turn results in the optimal balance of supply coincident with the delivery of power system security. CS Energy is satisfied that AEMO has achieved the objective subject to the comments below.

Section 2.10.1 of the Guidelines refers to the CVP. CS Energy notes that items 35 to 42 in section 3 of the current version of the CVP¹ indicate that the Frequency Control Ancillary Service (**FCAS**) regulation services have a higher priority than the FCAS contingency services, particularly the six (6) second services. This appears to be counter intuitive as arresting the frequency deviation should have a higher priority than a slower integral response such as the regulation services. CS Energy's recollection is that in previous versions of the CVP (not accessible on the AEMO website) the FCAS contingency services had a higher priority than the regulation services. There is no reference to the change in the CVP version release history. CS Energy is seeking to understand the rationale of the current CVP priority order regarding the FCAS regulation and contingency services.

Constraint Automation is briefly referred to in section 8.3 of the Guidelines. CS Energy proposes that reference be made to a detailed description of Constraint Automation in AEMO procedure, SO_OP3705 Dispatch², section 19.5 that will provide the required level of detail for the Guidelines.

If you would like to discuss this submission, please contact Henry Gorniak on 0418 380 432 or hgorniak@csenergy.com.au.

Yours sincerely

Dr Alison Demaria
Head of Policy and Regulation

¹ https://aemo.com.au/-/media/files/electricity/nem/security_and_reliability/congestion-information/2016/schedule-of-constraint-violation-penalty-factors.pdf

² https://aemo.com.au/-/media/files/electricity/nem/security_and_reliability/power_system_ops/procedures/so_op_3705-dispatch.pdf?la=en