

Australian Energy Market Operator (AEMO)

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25 May 2023

**Submission to AEMO's automated procedures for determining a manifestly incorrect input (FCAS)**

The Australian Energy Council welcomes the opportunity to make a submission to AEMO's automated procedures for determining a manifestly incorrect input (FCAS) (**Consultation paper**).

The Australian Energy Council (**AEC**) is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

The AEC is supportive of applying the Automated procedures to determine manifestly incorrect input (MII) for FCAS. However, we remain unconvinced of the justification for setting the threshold at 450 MW. We note that correct FCAS enablement has occurred under system normal conditions at 447 MW and 476 MW under non-system normal conditions. However, incorrect values have only occurred above 690 MW. Hence, setting the threshold at such a low level creates the risk of false positives and this risk is only going to increase over time as more FCAS is likely to be required to manage an increasingly renewables dependent system.

False positives are undesirable as AEMO is required to review them and issue Market Notices only to find their true nature. This also adds to the workload of participants. Furthermore, it would be less than ideal if the level of false positives currently occurring in energy dispatch were to be replicated in FCAS markets.

Accordingly, the AEC recommends the threshold be set 550 MW which we believe strikes the right balance between avoiding excessive false positives or missing false negatives. It is worth noting that under NER 3.9.2B (k) AEMO must review the effectiveness of automated procedures at least once each calendar year. However, the last review the AEC can locate was published in October 2021.<sup>1</sup>

Any questions about our submission should be addressed to Peter Brook, by email to [peter.brook@energycouncil.com.au](mailto:peter.brook@energycouncil.com.au) or by telephone on (03) 9205 3103.

Yours sincerely,



**Peter Brook**

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<sup>1</sup> [https://aemo.com.au/-/media/files/stakeholder\\_consultation/consultations/nem-consultations/2021/amendment-of-automated-procedures/the-effectiveness-of-automated-procedures-for-identifying-dispatch-intervals-subject-to-review-2020.pdf?la=en](https://aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2021/amendment-of-automated-procedures/the-effectiveness-of-automated-procedures-for-identifying-dispatch-intervals-subject-to-review-2020.pdf?la=en)