



07 June 2021

Australian Energy Market Commission
Fast Frequency Response Market Ancillary Service Rule 2021
GPO Box 2603
Sydney 2000

Fast Frequency Response Market Ancillary Service Rule 2021

The South Australian Chamber of Mines and Energy (SACOME) welcomes the opportunity to make this submission to the Australian Energy Market Commission's (AEMC) draft rule determination on the National Electricity Amendment (Fast Frequency Response Market Ancillary Service) Rule 2021 (the draft rule).

SACOME is the peak industry body representing companies with interests in the South Australian minerals, energy, extractive, oil and gas sectors and associated service providers.

SACOME notes the AEMC's draft rule is consistent with the proposed solution in Infigen Energy's rule change request. The differences between the draft rule and the proposed solution are limited to the naming of the new market ancillary services and the inclusion of transitional arrangements.

Specifically, the draft rule:

- introduces two new services 'the very fast raise service' and 'the very fast lower service' which are to operate more rapidly than the existing fast raise and fast lower services in response to the locally sensed frequency of the power system in order to arrest a rise and fall in frequency respectively; and
- provides for recovery of costs of the new services, in a manner consistent with the existing contingency raise and lower services, as set out in clause 3.15.6A(f) and 3.15.6A(g) of the National Electricity Rules (NER);

All other market arrangements for registration, scheduling, dispatch, pricing and settlement for the new market ancillary services will be similar to those for existing 'fast raise' and 'fast lower' services.

SACOME's submission to the AEMC's *Frequency Rule Changes Directions Paper*¹, outlined that key system services (inertia; system strength; provisions of reserves; frequency

¹ [SACOME AEMC Frequency Control Rule Changes Submission](#)



control ancillary services) have historically been provided as a by-product of firm synchronous generation; and that the uncoordinated development of renewable energy generation has precipitated the loss of these services.

While SACOME understands the importance of maintaining network supply, reliability and security and the provision of key system services through different arrangements, growing market intervention in this space continues to increase costs for SACOME member companies, with large C&I members particularly exposed.

The costs associated with market interventions are unknown, unbudgeted and place pressure on large energy users at the time of receipt.

SACOME reiterates it would be most efficient that generators continue to have an obligation to provide/procure these system services from the market.

Any additional costs to generators can be factored into their bid price, resulting in recovery of costs "smoothed" evenly across all market users in a more predictable and efficient manner.

SACOME also emphasises the need for these additional costs to be factored into the bid price, in an open and transparent manner.

SACOME submits that such an approach better recognises the historical context relevant to this draft rule and allows for the equitable distribution of these costs across all energy market consumers.

Further to SACOME's previous submission, some member companies have raised that these new market ancillary services require:

- greater transparency on when 'the very fast raise service' and 'the very fast lower service' is used and the value of these services to energy users in terms of system security;
- greater transparency of the cost to consumers for using these services; and
- the development of markets to enable consumers to hedge against these services to avoid bill shock.

It is currently challenging for large C&I members to hedge against these services as there is uncertainty surrounding the volumes, they need to purchase to protect themselves, and there is no open market to procure this type of service.



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SACOME raises these points for the AEMC's further consideration.

SACOME thanks the AEMC for the opportunity to provide feedback to the draft rule and remains committed to ongoing dialogue with the AEMC in relation to these matters.

Kind regards

A handwritten signature in black ink, appearing to read 'Rebecca Knol'.

Rebecca Knol
Chief Executive Officer