

Subsequent Questions & Answers from FCFP Technical Workshop 28 February 2023

Participant question	AEMO response
<p>Would you please provide a comparison of net settlements in regulation FCAS for the Residual under the proposed FCFP and the existing causer-pays procedure?</p>	<p>For the same period of time as the data shown at the participant workshop (20th July to 10th October 2021) the average MPF for the Residual was 42.5%. The average NCF and DCF of the Residual for both raise and lower global requirements was -0.222 and -0.265 (22.2% and 26.5% in MPF terms). This is just indicative of a likely decrease in the proportion of regulation FCAS cost apportioned to the Residual. This conclusion comes with the usual caveats around changing behaviour and conditions between 2021 and 2025 as well as noting that the scale of decrease in settlement outcomes would vary somewhat from this since regulation FCAS costs are not the same in all TIs or for raise and lower requirements. Additionally, note that any saving the Residual has around reduced Regulation FCAS costs is likely to be offset by the imposition of FPP costs.</p>
<p>[Participant raised concerns around compliance with PFRR and the potential for incentives under the FCFP to conflict]</p>	<p>The PFRR is quite specific and the compliance framework around it is robust. In addition, the FPP framework is specifically designed to reward behaviour that is consistent with the PFRR. Accordingly, we don't have any major concerns that FPPs will create perverse incentives that negatively impact system security.</p>
<p>Please confirm that any contingency event is included in the calculation under the FCFP, as opposed to the current causer-pays procedure.</p>	<p>Most contingencies such as unit trips would not be excluded from assessment; however, more significant contingency events (such as certain islanding events) could potentially trigger one of the frequency measure conditions under section 4.2 of the proposed FCFP and therefore be excluded.</p>
<p>What is the rationale behind the FCFP having a different deadband relative to the PFRR?</p>	<p>AEMO's preference was to err on the side of including performance rather than excluding performance, since the frequency measure and raw frequency are not the same (i.e. didn't want to be excluding good performance during a brief spike in frequency - a response in such cases is still mandated under the PFRR but it's possible that the frequency measure doesn't quite make it to the PFR deadband).</p>