

# WHOLESALE ELECTRICITY MARKET

## Submission to Procedure Change Proposal

**AEPC\_2019\_07**

**Power System Operation Procedure: Ancillary Services**

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### Submission

Clause 2.10.7 of the Wholesale Electricity Market Rules provides that any person may make a submission for a Procedure Change Proposal (including proposals developed by AEMO, the Economic Regulation Authority or the Rule Change Panel) by completing this Procedure Change Submission form.

Submissions should be provided by email to the nominated contact in the call for submissions published with the Procedure Change Proposal.

**Please provide your views on the Procedure Change Proposal, including any objections or suggested revisions**

Synergy appreciates the consultation AEMO conducted on this Procedure Change Proposal prior to the formal consultation period.

In reviewing this Procedure Change Proposal Synergy has identified the following issues for AEMO's further consideration:

1. Procedure does not outline how LFAS requirement is determined

The proposed Procedure does not outline how AEMO determines the LFAS requirement, as required by the WEM rules.

Clause 3.11.14 of the WEM Rules requires AEMO to “document in the Power System Operation Procedure the procedure to be followed, and must follow that documented Market Procedure, when: (a) determining Ancillary Service Requirements...”

While section 4 of the Procedure Change Proposal outlines the procedure AEMO follows in determining the Spinning Reserve and Load Rejection requirements, it does not outline the equivalent for the LFAS requirement.

Market participants require transparency in how the LFAS requirement is determined so that they can understand how this requirement may change in response to the continued uptake in rooftop solar and increasing output from large scale intermittent generation.

Synergy also requires this transparency to verify that the LFAS requirement reflects the volume of LFAS it provides.

To improve transparency and comply with the WEM Rules, Synergy suggests that AEMO amends the Procedure to document the procedure it follows in determining the LFAS requirement.

2. Procedure does not require LFAS Up facilities to also provide spinning reserve

Clause 3.10.2(b) of the WEM Rules requires LFAS Up capacity to be “counted as providing part of the Spinning Reserve requirement.” However, the Procedure does not require LFAS Up providers to also be capable of providing spinning reserve.

As a result, the WEM Rules overstate the amount of LFAS Up capacity that contributes to the Spinning Reserve requirement and understate the amount of Spinning Reserve Synergy provides.

Also, not requiring facilities providing LFAS up to concurrently provide Spinning Reserve is inefficient because it requires additional resources to meet the ancillary service requirements and therefore additional costs.

Synergy considers that this may be inconsistent with the market objectives and System Management's obligations to support these objectives,<sup>1</sup> which include promoting the economically efficient supply of electricity and minimising the long-term cost of electricity.<sup>2</sup>

Synergy notes the same inefficiency occurs where facilities providing LFAS Down are not required to concurrently provide Load Rejection Reserve.

**Please provide an assessment whether the Procedure Change Proposal is consistent with the Market Objectives and the Wholesale Electricity Market Rules.**

Synergy considers this Procedure Change Proposal may be in conflict with the Market Objectives (a) and (d) for the reasons outlined above.

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<sup>1</sup> Under section 13(4) of the Electricity Industry (Wholesale Electricity Market) Regulations 2004).

<sup>2</sup> Under section 122(2) of the Electricity Industry Act 2004.