

## NOTICE OF FIRST STAGE OF CONSULTATION

National Electricity Rules – Rule 8.9

---

### Primary Frequency Response under Normal Operating Conditions

Date of Notice: 1 November 2019

This notice informs all Registered Participants and interested parties (Consulted Persons) that AEMO is conducting a consultation on proposed changes to the Regulation FCAS Contribution Factor Procedure (Causer Pays Procedure) and the Market Ancillary Service Specification (MASS) to facilitate the provision of primary frequency response (PFR) by Generators under normal operating conditions.

This consultation is being conducted under clauses 3.15.6A(k) and 3.11.2(b) of the National Electricity Rules (NER), in accordance with the Rules consultation requirements detailed in rule 8.9 of the NER.

Matter under Consultation

AEMO has recently submitted two proposals to the Australian Energy Market Commission (AEMC) requesting to amend the NER to facilitate the provision of PFR by Generators under normal operating conditions. The first proposal aims to remove disincentives and inconsistencies in the NER that are impeding the provision of more PFR in the NEM under normal operating conditions. The second proposal relates to mandatory PFR requirements for all scheduled and semi-scheduled Generators. AEMO's proposals, and the AEMC's Consultation Paper can be found at <https://www.aemc.gov.au/news-centre/media-releases/consultation-commences-proposed-rules-better-control-power-system>.

Amongst other changes, Rule Change Proposal ERC0263 (Removal of disincentives to primary frequency response) proposes to amend clause 3.15.6(k) to align the requirements of the Causer Pays Procedure with the intent of the 'causer pays' process, as stated in clause 3.15.6A(k)(1).

AEMO has published a marked-up consultation draft of the Causer Pays Procedure with this notice, and an Issues Paper on the MASS. The proposed changes are:

- The Causer Pays Procedure will specify requirements for the provision of PFR that, if met by a Generator, will result in that Generator not receiving a negative 'causer pays' factor.
- The MASS should be altered so that the Contingency FCAS requirements do not incentivise a delay in the delivery of PFR.

This consultation will be limited to the changes identified in this notice, and the draft Causer Pays Procedure. In the coming months, AEMO intends to:

- Carry out a more extensive review and consultation on the Causer Pays Procedure; and
- Redraft the MASS and consult on various other changes associated with that document.

The Consultation Process

This consultation process is designed so that AEMO's draft determination on the proposed changes will be published shortly after the AEMC's draft determination on AEMO's rule change proposals. If the AEMC does not make a rule or makes a substantially different rule to those proposed by AEMO, the consultation process might have to be amended significantly.

It should also be noted that the anticipated changes to the MASS are unlikely to rely on any changes to the NER. Any undue delay in the progress of AEMO’s rule change proposals could result AEMO’s determining to progress the changes to the MASS separately from the Causer Pays Procedure.

The proposed dates of each stage in this consultation are detailed below:

PROCESS STAGE	INDICATIVE DATE
Closing date for submissions in response to this Notice	6 December 2019
Publication of Draft Report and Determination	9 January 2020
Closing date for submissions in response to the Draft Report and Determination	24 January 2020
Publication of Final Report and Determination	6 March 2020

#### Invitation to Make Submissions

AEMO invites written submissions on the matter under consultation, including any alternative or additional proposals you consider may better meet the objectives of this consultation and the national electricity objective in section 7 of the National Electricity Law.

Please identify any parts of your submission that you wish to remain confidential, and explain why. AEMO may still publish that information if it does not consider it to be confidential, but will consult with you before doing so.

Please note that material identified as confidential may be given less weight in the decision-making process than material that is published.

#### Meetings

In your submission, you may request a meeting with AEMO to discuss the matter under consultation, stating why you consider a meeting is necessary or desirable.

If appropriate, meetings may be held jointly with other Consulted Persons. Subject to confidentiality restrictions, AEMO will generally make details of matters discussed at a meeting available to other Consulted Persons, and may publish them.

#### Closing Date and Time

Submissions in response to this Notice of First Stage of Rules Consultation should be sent by email to [matthew.holmes@aemo.com.au](mailto:matthew.holmes@aemo.com.au), to reach AEMO by 5.00pm (Melbourne time) on 6 December 2019.

All submissions must be forwarded in electronic format (both pdf and Word). Please send any queries about this consultation to the same email address.

Submissions received after the closing date and time will not be valid, and AEMO is not obliged to consider them. Any late submissions should explain the reason for lateness and the detriment to you if AEMO does not consider your submission.

## Publication

All submissions will be published on AEMO's website, other than confidential content.