



POWERSHOP
A better power company



Meridian.

Meridian Energy Australia Pty Ltd
Level 15, 357 Collins Street
Melbourne VIC 3000

6 December 2019

Australian Energy Market Operator
Attention; Mr Matthew Holmes
Level 37, 520 Collins Street
Melbourne VIC 3000

Reference: matthew.holmes@aemo.com.au

Primary Frequency Response under Normal Operating Conditions

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group or Powershop) thanks the Australian Energy Market Operator (AEMO) for the opportunity to provide comments on AEMO's Primary Frequency Response under Normal Operating Conditions Issues Paper (the Paper).

Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar Wind Farm in South Australia, followed by the Mt Mercer Wind Farm in Victoria. In early 2018 we acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

Powershop is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program

MEA agrees with the proposed procedure changes, specifically we note that there is a frequency degradation issue that needs to be resolved to ensure the security of the power system going forward. MEA Group also believe greater certainty is required that an enabled generator that provides frequency response within a normal operating frequency band, should still be paid for the provision of Frequency Control Ancillary Service (FCAS) regardless of whether the frequency departs from the Normal Operating Frequency Band (NOFB).

MEA supports the proposed changes to the Market Ancillary Services Specification (MASS) on the basis that we expect FCAS costs to reduce overall as a result of the changes and therefore the wholesale cost of power will be reduced leading to a lowering of energy costs for consumers.

Questions

1. Why do you support/not support the general concept of recognising PFR within the NOFB as Contingency FCAS?

MEA Group supports the general concept of recognising Primary Frequency Response (PFR) within the NOFB as contingency FCAS on the basis that:

- the change can be facilitated through the amendment of the MASS rather than the creation of a new market;
- the provision of PFR within the NOFB is expected to significantly improve the frequency keeping of the power system; and
- it will minimise the quantity of contingency FCAS required due to the earlier response within the NOFB from enabled generators, hence reducing the overall total cost of FCAS.

2. Should the recognition of Contingency FCAS provided inside the NOFB apply to all Contingency FCAS (ie. Fast, Slow and Delayed), or only to some services? Why?

To the extent that the provision of PFR across all time horizons contributes to better frequency keeping services, MEA Group believes it is reasonable and fair to reward the provision of PFR within the NOFB for all services.

3. What kind of measurement approach do you believe should be applied to assessing the total volume of Contingency FCAS delivered?

We agree with AEMO's assessment that Option 3 is the most appropriate method for assessing a generators provision of PFR within the NOFB.

4. Is an increased pre-event recording window easily achieved? Are there thresholds above which this would become problematic?

MEA Group does not hold a view on the pre-event recording window and how easily an increased window could be achieved. We would need to engage our power quality meter specialists and suppliers to determine what timeframes would be achievable and at what granularity.

5. Is the approach of recognising PFR within the NOFB only for verification of response, rather than for dispatch purposes, appropriate?

MEA Group would expect the recognition of PFR within the NOFB to be for verification purposes only, on the basis that this approach requires the least amount of change to AEMOs NEM dispatch engine and participants market models.

If you have any queries or would like to discuss any aspect of this submission, please feel free to contact me.

Yours sincerely,



Angus Holcombe
Head of Asset Management
Powershop Australia Pty Ltd
Meridian Energy Australia Pty Ltd