



Ausgrid Response

AEMO Amendment of the Market Ancillary Service Specification
consultation

March 2021



11 March 2021

Mr Drew Clarke
Chairman
Australian Energy Market Operator
20 Bond Street
SYDNEY NSW 2000

24-28 Campbell St
Sydney NSW 2000
All mail to
GPO Box 4009
Sydney NSW 2001
T +61 2 131 525
ausgrid.com.au

Submitted online

Dear Mr Clarke,

Ausgrid is pleased to provide this submission to the Australian Energy Market Operator's (AEMO) amendment of the Market Ancillary Service Specification consultation (MASS).

Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometers from the Sydney CBD to the Upper Hunter. This shared network is playing a key role in the transition to a more distributed energy system and a lower carbon economy and must be harnessed to ensure it continues to deliver benefits for customers. We also believe that many of these benefits will be unlocked by the development of new markets, new technology and greater competition in the energy sector. As a Distribution System Operator (DSO) we see our role as both enabling our customers to participate in markets through providing flexible network services and partnering with AEMO in the overall delivery of a secure energy system.

The shift to a decentralised renewable energy system is well underway in Australia with consumers taking greater control of their energy bills and having more influence on the energy supply chain. Customers' expectations that the system will continue to reliably operate to absorb, transfer and/or supply energy remain high, and frequency control is a key factor in this regard. Dependable and efficient ways of providing frequency response are an important element in meeting these customer expectations at lowest cost.

For these reasons we welcome AEMO's review of the MASS, particularly as it relates to Distributed Energy Resources (DER) and Virtual Power Plants (VPP). We are supportive of AEMO's evidence-based decision-making approach. It remains important that changes to the market framework are underpinned by insights from pilots and trials and developed in partnership with industry and customers.

Response to consultation on DER Participation

Ausgrid is generally supportive of a framework that allows for greater participation of diverse resources in the Frequency Control Ancillary Services (FCAS) markets and support a review of the suitability of measurement and verification of services provided by DER. However, we would highly recommend that AEMO explores the interaction between these market services and network

Ausgrid response: AEMO Amendment of the MASS

connection arrangements with network businesses and other stakeholders before finalising the amendments to the MASS.

Network businesses are in the process of developing and deploying dynamic operating envelopes that are likely to apply at a customer's connection point to the network. It is envisioned that aggregators would be required to comply with the operating envelope limits at the connection point, including any limits on maximum ramp rates. An alternative arrangement with AEMO for a subset of market services could introduce additional complexity for a VPP operator. It is also unclear if a move away from connection point obligations to an inverter obligation is consistent with the technology neutral services model being contemplated in the ESB's Post 2025 market design.

Notwithstanding these considerations, we agree that lowering barriers to entry is key to unlocking additional competition in these markets. In addition to establishing alternative arrangements for small-scale DER, AEMO should consider how the new arrangements could apply to frequency services provided from network assets. For example:

- community batteries, which are currently being trialled by distributors such as Ausgrid and United Energy, have the potential to offer a wide range of services, including frequency support services; and
- dynamic voltage management that can provide frequency support but does not have a network connection point or associated NMI.

We encourage AEMO's review to consider how the MASS needs to evolve to ensure that network assets can be leveraged, with appropriate oversight, to provide services that improve customer outcomes and result in lower overall costs across the supply chain.

Should the AEMO have any questions in relation to this submission or would like to arrange a further discussion on the interaction between market services and network connections, please contact Alida Jansen van Vuuren, DSO Manager on 0411436108 or alida.jansenvanvuuren@ausgrid.com.au.

Yours sincerely



Junayd Hollis
Executive General Manager – Asset Management

A scenic landscape at sunset. A paved road with a dashed white line on the left and a solid white line on the right curves into the distance. The sky is a mix of blue and orange, with the sun low on the horizon. Large trees are silhouetted against the sky, and a utility pole with power lines stands in the middle ground. The overall mood is peaceful and serene.

Thank you

