



**EnergyAustralia**

LIGHT THE WAY

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Australian Energy Market Operator,  
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Dear MASS Team,

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## **DER AND GENERAL MARKET ANCILLARY SERVICES SPECIFICATION SECOND STAGE CONSULTATION**

EnergyAustralia (EA) welcomes the opportunity to comment on the Australian Energy Market Operator's (AEMO's) Distributed Energy Resource (DER) and General Market Ancillary Service Specification (MASS) consultations. EA is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. EA owns, contracts and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

EA is dedicated to building an energy system that lowers emissions and delivers secure, reliable and affordable energy to all households and businesses, which requires being a good neighbour in the communities we operate in. As part of this, we recognise Aboriginal and Torres Strait Islander peoples as the traditional custodians of this country and acknowledge their continued connection to culture, land, waters and community.

EA is appreciative of AEMO's efforts to investigate whether current MASS settings are appropriate in light of ongoing and significant market, technological and operational change. Broadly, EA understands and accepts the determination, including the decision not to change the measurement time resolution and measurement location point at this time. However, we consider collaborative engagement and discussion of these issues with industry must continue via the Consultative Forum. This is so that an economic, competitive and customer-centric, two-sided DER market results. Further detail on these and other determination elements are provided below.

### **Measurement Time Resolution and Location**

EA is strongly supportive of innovation, competition and the development of new energy markets and services to increase value to customers. However, based on the evidence presented to date, we do not consider it likely that the benefits of the proposed changes to measurement time resolution and the measurement location point would outweigh their costs. No competition issue has been demonstrated with current Frequency Control Ancillary Services (FCAS) markets. Neither has any evidence been presented to suggest that lowering technical requirements and moving from measuring net responses at the

connection point to the asset level would improve FCAS service delivery or cost outcomes. In contrast, the technical evidence presented by AEMO and others has all concluded that the proposed changes would increase measurement error, negatively impact market efficiency and power system security outcomes and, thereby, increase risks and costs to customers.

EA also notes that solving these technical issues is only half of the challenge in delivering robust, competitive and efficient DER solutions to customers. Final Energy Security Board (ESB) recommendations on integrating DER and flexible demand into the future National Electricity Market (NEM) have not yet been endorsed by Government. Similarly, the Australian Energy Market Commission (AEMC) has not finalised how hybrid energy systems, co-located behind the meter assets and integration of other energy storage solutions should be regulated. Unfortunately, lacking complementary, coherent and pragmatic regulatory frameworks, the value from even with the most optimal DER technical settings for customers will not be fully realised.

Given these factors, EA agrees that the MASS measurement time resolution and location settings should not be changed at this time. However, we consider it critically important that continued collaborative engagement on these issues with industry occurs via the mooted Consultative Forum and other regulatory processes. This is so that DER market development, innovation and competition continues to advance. To this end, EA has included a list of potential future topics for discussion further below.

### **Coordination of FCAS and Primary Frequency Response**

EA appreciates and agrees with the clarifications on how Contingency FCAS and Primary Frequency Response (PFR) controls should be coordinated with Automatic Generation Control, including Regulation FCAS. Including Figure 8 from the Issues Paper and amending Section 2.2 to reflect that there is no priority in the provision of different types of FCAS will help to ensure consistency of operation and response across the NEM generation fleet.

EA also agrees with the decision to delay refining and clarifying trigger ranges for proportional controllers until the final PFR rule changes have been made. As noted in the consultation paper, adjusting frequency response settings can have significant costs. Waiting until the final PFR design outcomes are known will minimise these impacts by eliminating having to change frequency settings more than once.

### **Readability and Useability**

Generally, EA supports the amendments to introduce new definitions and formatting changes into the MASS. However, one exception concerns Table 4 in section 5.3.2 where it is unclear how Settling Time relates to Slow and Delayed FCAS. Reformatting the table, or perhaps providing a definition or example of Settling Time, would help add to the already enhanced MASS clarity and utility.

Beyond this comment, EA suggests that the AEMO testing procedure be included in the MASS as additional reference information. This will help to clarify AEMO and participant obligations and procedures ahead of any tests occurring.

## **Consultative Forum**

As noted above, EA strongly supports the proposal to establish a Consultative Forum to investigate other MASS issues that could not be fully addressed in this consultation. For example:

- inverter behaviour and related measurement concerns, including whether using a variety of frequency set-points and different DUIDs for small customers would help to alleviate system security concerns;
- the case for separating frequency controllers and FCAS metering requirements;
- whether adjustment of minimum bid and other market settings might facilitate greater DER market innovation and participation;
- limits guidance and management of non-frequency responsive FCAS;
- how delayed FCAS could better support NEM frequency outcomes;
- how Fast Frequency Response is best incorporated within the MASS;
- continued development of Regulation FCAS specification elements;
- how the technical envelopes and operating conditions of distribution networks can be adjusted to facilitate greater DER penetration and service provision; and
- whether greater alignment with specifications in other standards such as AS/NZS 4777.2:2020 is warranted.

Beyond promoting more considered deliberation of technical concerns, we consider regular issues assessment and engagement via the Consultative Forum will make future MASS updates easier and swifter. In this regard, we look forward to working with AEMO as part of the Consultative Forum and would be happy to discuss that initiative and this submission further with you as required. Should you have any questions, please contact me via [bradley.woods@energyaustralia.com.au](mailto:bradley.woods@energyaustralia.com.au) or on 0435 435 533.

Regards,

**Bradley Woods**

Regulatory Affairs Lead