AEMO
Submitted by email: mass.consultation@aemo.com.au

19 August 2022

Dear Matthew, Akeelesh

RE: Market ancillary services specification review: Very Fast FCAS – draft determination

Thank you for the opportunity to provide feedback on the Amendment of the Market Ancillary Service Specification (MASS) – Very Fast FCAS draft determination.

Enel X operates Australia's largest virtual power plant[1] with over 350MW of flexible assets under management across more than 150 commercial and industrial sites. We were the first registered Demand Response Service Provider (DRSP) and work with commercial and industrial energy users to develop demand-side flexibility. This flexibility is offered into the NEM's energy and ancillary services markets, the RERT mechanism, and to network businesses.

This submission sets out our responses to the draft determination for the MASS review to implement the Very Fast FCAS market. The key points are:

- We generally support AEMO's draft determination, specifically the FFR market specifications, and verification and measurement requirements.
- We support AEMO gaining more operational experience before making decisions on limiting switching controllers in Very Fast FCAS. Enel X welcomes proactive engagement with AEMO on this topic.
- While we understand AEMO's rationale for the removal of the multiplier effect, we note further consideration of unintended consequences of its removal without replacement of similar incentive faster response times is required.

Regards

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[1] Bloomberg NEF, December 2019.

Limit on switched controllers

Enel X welcomes AEMO not proposing to specify a limit on the percentage of enabled Very Fast FCAS from FCAS Facilities using switching controllers. We welcome continued engagement with AEMO operational and policy teams on the issues AEMO raised in this process, among other MASS reviews regarding switched controllers. Proactively discussions on issues to work through potential outcomes will result in the best understanding for all parties.

Multiplier effect

Enel X acknowledges AEMO's security concerns of the current approach using the multiplier effect. However, its removal without replacement may similarly have perverse security outcomes. The multiplier effect's ultimate objective is to incentive participants to react as quickly as possible and we consider this is still important in the MASS today. As such, we urge AEMO to reconsider its position that "AEMO must consider the needs of the power system over the incentives provided by the multiplier effect to FCAS Providers."[2]

Instead, we consider that AEMO can do both – consider the needs of the power system and the incentives provided by the multiplier effect to FCAS Providers [for fast provision of the service]. This is because the multiplier effect provided for competition within the market, i.e. faster responders were renumerated greater than those that responded slower. This encourages a stratified response from providers by paying providers who could provide a faster response. These disincentives providers from potentially waiting until the last minute and acting right at the halfway point (the last chance to respond and gain full payment).

In order to avoid the possibility of getting all responses at the halfway mark of the ramp window, we consider a modified multiplier effect – for example, one that is limited to 1.2 times total active power capacity – or another incentive mechanism should be considered. We recommend that AEMO implement a limit to the multiplier effect while it considers a new mechanism that can be implemented in later MASS reviews.

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[2] AEMO, Amendment of the Market Ancillary Service Specification (MASS) – Very Fast FCAS, Draft Report and Determination, p. 10.