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19 August 2022

Australian Energy Market Operator
GPO Box 2008
Melbourne VIC 3001

Via email to mass.consultation@aemo.com.au

Dear Board Members,

Re: Amendment of the Market Ancillary Service Specification – Very Fast FCAS – Draft Report and Determination

Simply Energy welcomes the opportunity to provide feedback on the draft determination for the amendment of the Market Ancillary Service Specification (MASS) to accommodate two new markets for very fast frequency control access services (FCAS).

Simply Energy is a leading energy retailer with approximately 730,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. Simply Energy is owned by the ENGIE Group, one of the largest independent power producers in the world and a global leader in the transition to a zero-carbon economy. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

Since March 2018, Simply Energy has also been leading VPPx, which is an ARENA funded project to build the first virtual power plant (VPP) that integrates with a distributed energy market platform. Simply Energy is collaborating on this project with several partners, including technology vendors GreenSync and SwitchDin, and distribution network service provider SA Power Networks.

Simply Energy is concerned that several proposals in the draft determination have implications that reach beyond the intended scope of very fast FCAS. While we are comfortable with the Australian Energy Market Operator (AEMO) making minor drafting improvements as part of this review, any significant changes that impact other FCAS markets should be deferred until a further MASS review. This approach would ensure that all stakeholders have the opportunity to participate in the review and provide informed feedback to AEMO's proposals.

Simply Energy's submission largely focuses on potential impacts from AEMO's proposals on the participation of VPP operators in contingency FCAS markets. For each of these issues, Simply Energy suggests that AEMO provide more detailed information on the basis for extending these proposals to other FCAS markets in the consultation paper that commences a future review of the MASS.

Scan rate requirements for FCAS controls

Simply Energy is concerned that AEMO's proposal to include scan rate requirements for FCAS controls could potentially unwind AEMO's previous decisions made around 50 millisecond and 200 millisecond meter sampling rates for contingency FCAS in its 2021 '*Amendment of the Market Ancillary Service Specification – DER* consultation' (2021 review). AEMO's decision at the conclusion of the 2021 review recognised that aggregated ancillary service facilities would likely

be uneconomical under a requirement to provide high speed data samples of 50 milliseconds to participate in fast FCAS markets.

Simply Energy considers that the introduction of a requirement to scan and respond to local frequency at 50 millisecond sampling rates may result in the same issues we raised in our submissions to the 2021 review. As the proposed amendment does not specify the service it applies to, it appears that AEMO intends that the requirement for 50 millisecond scanning frequency would apply to all FCAS markets, including contingency FCAS markets.

The challenge that VPP operators face with 50 millisecond measurement requirements relate to the need to obtain prohibitively expensive high-speed metering solutions to meet this required rate at the specified accuracy. In our confidential submission of 6 August 2021 to the 2021 review, we provided AEMO with the results of our investigation into the estimated costs of high-speed metering alternatives if we were to retrofit our VPP fleet. As demonstrated in that submission, high-speed metering alternatives are not currently commercially viable, and we do not expect these alternatives to be viable for some time. The introduction of a frequency scan rate within a control system will likely be difficult to verify without metering to the same speed, i.e. 50 milliseconds, so we would question whether it is actually feasible to validate the scan rate.

Simply Energy urges AEMO to clarify the problem it is attempting to solve and the intention of its proposal to introduce a scanning frequency of 50 milliseconds. We also ask AEMO to clarify whether this proposal is intended to apply to participants in contingency FCAS markets.

Type testing requirements for FCAS measurement equipment

While the certification of equipment in accordance with a standard is a reasonable proposal, it is not clear why AEMO considers that IEC 61577-12 standard is the correct standard to apply in the case of distributed/customer energy resources. At this point in time, Simply Energy is not aware of any easily obtainable metering that has been manufactured to the IEC 61557-12 standard.

It is also not clear from the draft determination whether AEMO intends to apply this standard retrospectively to current equipment or whether it would solely apply to new applications. This would clearly be a significant issue if AEMO is seeking to apply this new requirement to markets beyond very fast FCAS.

Simply Energy urges AEMO to provide further clarification on the reasoning behind this proposal, and AEMO's assessment of whether the costs and benefits of applying IEC 61577-12 favour the introduction of this standard over other potentially more cost-effective standards.

Reservation of headroom and footroom for contingency FCAS

Simply Energy would appreciate if AEMO could provide clarification of the purpose of its proposal to require participants to have a control system to reserve headroom and footroom for contingency FCAS. AEMO does not provide explanation of this proposal in the draft determination, and it is not clear what issue this proposal is seeking to resolve and how compliance would be verified. Simply Energy considers it is challenging to provide informed feedback on this proposal in its current state and would appreciate more information on the intended purpose of this reform and the benefits it would provide over current compliance requirements. For example, Simply Energy is already required to provide accurate forecasts of availability for contingency FCAS.

From our perspective, this proposal appears to create significant challenges for VPP operators and would deteriorate the value proposition we could offer our customers. Simply Energy's key concern is that complying with the requirement as drafted would require us to implement reservation at the asset level and potentially lock customers out of the use of their battery assets (to some degree).

This would be an unacceptable outcome for consumers and would be detrimental to the future development of the emerging VPP market.

Concluding remarks

In closing, Simply Energy is concerned that there appears to be an element of scope creep from the original intention of this MASS review. In our view, the scope of this MASS review should be limited to the accommodation of two new markets for Very Fast FCAS. The introduction of elements such as the IEC 61557-12 type testing requirements mid-way through a MASS review will likely mean that stakeholders will not have had adequate time be consulted and provide meaningful responses.

It is our view that any significant proposed changes to the MASS that affect other contingency FCAS markets should be carried out separately to this current review. AEMO should give industry sufficient notice of any proposed change and adequate time to adapt if those changes are adopted.

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Matthew Giampiccolo, Senior Regulatory Adviser, at matthew.giampiccolo@simplyenergy.com.au.

Yours sincerely

James Barton
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Simply Energy