Mr James Lindley
Australian Energy Market Operator
Level 22, 530 Collins Street
Melbourne VIC 3000

Lodged via email James.lindley@aemo.com.au

Friday, 27 January 2017

Dear Mr Lindley,

RE: Causer Pays Procedure – Factors for asynchronous operation Consultation

ENGIE appreciates the opportunity to comment on the Australian Energy Market Operator (AEMO) Causer Pays Procedure - factors for asynchronous operation Issues Paper (Issues Paper).

The regulation FCAS arrangements require AEMO to make a decision to enable of an amount of regulation FCAS in advance of it actually being used. The amount of regulation FCAS being utilised at any particular moment is not related to the amount of FCAS that was enabled. The amount of service enabled by AEMO is determined by assessment of the expected need for the service, based on historical performance.

For this reason, ENGIE agrees with AEMO's conclusion that the option to allocate regulation FCAS costs during asynchronous operation based on actual frequency performance (option 2) would not be appropriate. If there is to be a move towards real time assessment of causer pays factors, then this would be a fundamental change to the current enablement approach. Such a move should only be contemplated after extensive consideration of the costs and benefits of such a fundamental change. ENGIE has made some comments in its submission to the causer pays procedure issues paper relevant to this matter.

ENGIE supports AEMO's draft determination to proceed with option 1, with the opportunity to consider option 3 (substitution of NEM-wide contribution factors with factors that use historical performance factors for appropriately metered facilities within the asynchronous region) at a later stage.

ENGIE trusts that the comments provided in this response are of assistance to the AEMO in its deliberations. Should you wish to discuss any aspects of this submission, please do not hesitate to contact me on, telephone, 03 9617 8331.

Yours sincerely,

Chris Deague
Wholesale Regulations Manager