

Our Ref: 12537734
Contact Officer: Craig Oakeshott
Contact Phone: 08 8213 3469
Date: 11 August 2021

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

Dear Mr Clarke,

Amendment of the Market Ancillary Service Specification (MASS) – DER and General consultation

The Australian Energy Regulator (**AER**) welcomes the opportunity to comment on the Australian Energy Market Operator's (**AEMO**) *Amendment of the Market Ancillary Service Specification – Draft MASS*. This consultation aims to redraft the MASS to improve clarity, and facilitate a review of providing alternative measurement arrangements for frequency control ancillary services (**FCAS**) provision by distributed energy resources (**DER**).

The AER supports the redrafting in the MASS to provide increased clarity. We consider that the clarifications proposed will aid in the efficient provision of services and make clear the framework to which participants must adhere. In particular, we welcome the clarifications on concurrent service provision of Regulation and Contingency FCAS, frequency deviation levels, proportional response by switched and variable controlled sources, and references to the Frequency Operating Standard in effect on 1 January 2020 (**FOS**).

In addition, we consider the MASS would be enhanced with the following clarifications:

- a) amendment of the definitions of '*Frequency Disturbance*' and '*NOFB*' ('*Normal Operating Frequency Band*') to exclude the application of the FOS table values for islanding conditions so it is clear the normal range (49.85 - 50.15 Hz) is applicable;
- b) amendment of the definitions of lower reference frequency and raise reference frequency to state the range of the relevant frequency band that is applicable; and
- c) amending other definitions in the MASS that relate to the above.

Our Compliance & Enforcement Priorities 2021-22¹ highlight our focus on registered generators complying with AEMO dispatch instructions following our recent enforcement action regarding compliance with FCAS provisions. Services like FCAS underpin the smooth operation, security and reliability of the power system. Providers must be able to deliver these critical services when called upon. We continue to observe concerning FCAS behaviour and therefore FCAS compliance will be an AER focus during 2021-22 to ensure these obligations are fully understood and complied with. We consider that the clarifications to the MASS will provide a clearer framework that provides certainty to AEMO, market participants and the AER.

¹ <https://www.aer.gov.au/system/files/aer-compliance-and-enforcement-priorities-2021-22.pdf>

With regard to the provision of FCAS by DER, we note that AEMO proposes to not amend the MASS to accommodate alternative measurement arrangements. AEMO's analysis indicates that the lower meter sampling rates currently allowed for some participants in the virtual power plant (**VPP**) trial results in some uncertainty as to the behaviour and response of their inverters. AEMO is therefore proposing transitional arrangements that provide a window of time for participants to either comply with the MASS requirements, or exit FCAS markets.

Given AEMO's analysis showing the uncertainty of the response of VPP inverters we support the proposed transitional arrangements so there is confidence that these critical services are being delivered when called upon. Some relevant VPPs are likely to face increased costs and complexities of compliance with the increased time resolution requirements in the MASS. These costs may be offset in the future as technology improves, power system stability increases and system service requirements may be tempered accordingly. We consider AEMO's proposed approach will help to prepare the power system for increased participation in FCAS by DER, including for fast frequency response and primary frequency response.

We thank AEMO for the opportunity to make a submission to this process. If you have any questions about our submission, please contact Craig Oakeshott on 08 8213 3469.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'MF', written in a cursive style.

Mark Feather
General Manager, Strategic Policy & Energy Systems Innovation
Australian Energy Regulator