



6 August 2021

Australian Energy Market Operator

530 Collins Street
Melbourne VIC 3000

Re: Market Ancillary Service Specification – Draft Determination

CitiPower, Powercor and United Energy welcome the opportunity to respond to the Australian Energy Market Operator's (AEMO) draft determination on the amendment of the Market Ancillary Service Specification (MASS). We note our submission focuses on the Distributed Energy Resources (DER) MASS review.

The National Electricity Market (NEM) is transforming – large central generators are giving way to a new normal where DER is an increasingly significant part of Australia's energy mix, and AEMO's ability to facilitate the integration of DER is critical.

Currently, the MASS is a cost barrier for small scale DER by requiring high resolution meters to participate in the Frequency Control Ancillary Services (FCAS) market. Amending the MASS would mean it would be less costly for small-scale DER to participate in FCAS markets and as such, they would have easier access to additional value streams without incurring significant costs. This has the potential to accelerate market-led investment in small-scale DER systems and promote industry innovation.

AEMO's draft determination is to keep the measurement time resolution of the metering for small-scale DER at 50 milliseconds (ms), rather than increasing it to 1 second as per the learnings from AEMO's virtual power plant (VPP) study. This requires high-resolution metering that costs materially more than lower resolution metering. We understand this is to give AEMO close to perfect visibility of activity at the small-scale DER and VPP level, for power system security assessments.

We consider AEMO's approach overly conservative, which will result in unnecessary costs for consumers. A more cost-effective, risk-based approach is more appropriate for managing power system security at small-scale DER level. This could include either lower resolution metering, with adjustments for margin of error, or a small number of individual DER customers in VPPs having a high-speed metering—for example, a metered aggregated capacity of 250kW could be sufficient to provide enough visibility. We encourage AEMO to further assess all possible risk-based options before adopting what appears the highest cost solution.

We also encourage AEMO to share the results of the research provided in the draft determination on the low-cost metering currently available in the market. This will assist stakeholders to better evaluate the actual cost of the proposed changes and assist market participants in sourcing the lowest cost solutions.

Should you have any queries, please contact Ellen Lukin on +61 428 824 858 or elukin@powercor.com.au.

Yours sincerely,

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