



## Monitoring and reporting on frequency control framework

AEMC invites submissions on consultation paper

**The AEMC has commenced consultation on a rule change request from AEMO and the AER that seeks to establish ongoing reporting requirements on AEMO and the AER in relation to frequency and FCAS market performance. This rule change request was submitted as two requests which were consolidated. Submissions close on 27 June 2019.**

### Background

In July 2018, the AEMC published its final report into the *Frequency control frameworks review*. The purpose of the review was to advise on changes to the market and regulatory frameworks that may be required to meet the challenges in maintaining effective frequency control, in light of the changes occurring in the electricity sector.

Based on stakeholder feedback and the AEMC's own analysis, the AEMC concluded that there is a lack of transparency regarding:

- the frequency performance of the power system under normal operating conditions
- the general performance of frequency control ancillary services (FCAS) markets.

The final report recommended that a rule change request be submitted to the AEMC to amend the National Electricity Rules (NER) to require:

- AEMO to monitor, and publish reports on, frequency outcomes with respect to the requirements of the frequency operating standard
- the AER to monitor, and report on, the performance of FCAS markets.

AEMO and the AER submitted rule change requests to action the AEMC's recommendations described above. The AER's rule change request was received in February 2019, while AEMO's rule change request was received in May 2019. The two rule change requests were consolidated as one.

### Issues for consultation

The issues raised by AEMO and the AER in the rule change request primarily relate to reporting obligations in relation to frequency performance and FCAS market outcomes. The key issues raised are:

- **Reporting on FCAS market outcomes:** The AER states that FCAS market dynamics are changing due to the entry of new providers, changes in the types of technologies providing FCAS, and the fact that significant trends in the market can now manifest over comparatively short periods. According to the AER, there is a gap between weekly FCAS costs data reporting, which current occurs, and longer term trends in effectiveness of competition reporting, which is not an existing requirement. The AER proposes to place reporting requirements on the AER to publish, on a quarterly basis, reports on FCAS market performance.
- **Reporting on frequency performance:** AEMO states that the behaviour of system frequency in the NEM is of increasing concern, and that it recognises the importance of information transparency and timeliness. Currently, there are no obligations in the NER for AEMO to report on frequency performance. AEMO proposes to introduce reporting requirements on AEMO to publish, on a quarterly and weekly basis, reports on frequency and frequency control performance.

The Commission is therefore seeking stakeholder feedback on the specific metrics AEMO and the AER should report on, and the preferred frequency of reporting.

### Process for this rule change

The Commission is progressing this rule change request under an expedited process as the proposed rules are unlikely to have a significant effect on the national electricity market. Further to this, stakeholders have showed strong support for such requirements, as evidenced by submissions to the AEMC's *Frequency control frameworks review*. The proposed changes are also not expected to result in significant additional costs to consumers.

Stakeholders may object to this expedited process by 13 June 2019.

A final rule determination and final rule (if made) for this rule change request will be published on 25 July 2019 if the Commission does not receive a valid objection to the expedited process.

### Related work

The AEMC's *Frequency control frameworks review* final report recommended a set of actions the Commission, AEMO and the AER should take to support the stable and secure operation of the power system in relation to frequency control. More transparent and regular reporting of frequency performance was one of the recommendations made by the Commission. An overview of the status of these recommendations can be found on the AEMC's website, under the Frequency control work plan.

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30 May 2019