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AGL Submission to National Electricity Amendment (Monitoring and Reporting on Frequency Control Framework) Rule 2019 – Consultation Paper

AGL welcomes the opportunity to comment on the Australian Energy Market Commission (**AEMC**) Consultation Paper, regarding the Australian Energy Market Operator (**AEMO**) and Australian Energy Regulator (**AER**) rule change requests.

AGL is one of Australia's leading integrated energy companies and the largest ASX listed owner, operator, and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources. AGL is also a significant retailer of energy and provides energy solutions to over 3.6 million customer accounts in New South Wales, Victoria, Queensland, Western Australia, and South Australia.

AGL appreciates the motivation to address the concerns around frequency performance in the National Electricity Market (**NEM**) and specifically the intention to implement the recommendations from the AEMC's frequency control frameworks review (**the review**).

Recommendation three of the review explores different ways in which the existing forecasting and frequency reporting arrangements could be adjusted to enhance the operation of the frequency control frameworks.

Additionally, the review proposed rule changes to promote transparency of the frequency performance of the power system and assess the effectiveness of competition in frequency control ancillary services (**FCAS**) markets.

AGL agrees there is a lack of transparency regarding frequency performance during normal system operation and supports the implementation of arrangements to provide market participants access to information. These frequency measurements will assist market participants in making investment and operational decisions while considering the impact of frequency control.

This information will also allow participants to develop an understanding of the extent of frequency control concerns in the NEM. This is of particular importance given AEMO has stated that frequency control is an increasing problem in the NEM and is proposing a number of measures to address it, including the development of a proposed primary frequency control rule change. Without access to this information, participants cannot be sufficiently informed to participate in any detailed technical reform processes.



AGL remains supportive of ongoing monitoring and reporting on frequency performance on a regular basis. We consider that making this a rule requirement, with a corresponding obligation on the AER to provide appropriate oversight, will ensure that any future trends relating to the degradation of frequency performance are identified early and addressed cost efficiently.

AGL supports the AER proposal to publish a report on FCAS market outcomes, on a quarterly basis, covering;

- Total cost of FCAS;
- Volumes (both enabled and utilised), prices, number of participants for each of the eight FCAS markets and the technology types of those participants; and
- Commentary on key trends.

The AEMC should make an informed decision regarding the nature of the time limits on the reporting, whether it be a hard time limit or making reports available as soon as practicable from the end of the relevant quarter.

AGL further agrees with the AER that for completeness and consistency that the AER continue to report on the effectiveness of competition in all relevant wholesale markets (including FCAS) as part of their existing wholesale market performance reporting.

AGL supports the Australian Energy Market Operators (AEMO) proposal to publish weekly reports on:

- Frequency performance against the measures specifies in the frequency operating standard (FOS);
- The regulating FCAS dispatched by AEMO per region; and
- Measures indicating the average utilisation of the regulating FCAS dispatched.

AGL also supports the proposal for AEMO to publish quarterly reports on;

- Impact of actions taken by AEMO to improve Frequency control outcomes;
- AEMO's assessment of achievement of the Frequency Operating Standard;
- Rate of change of system frequency associated with the largest frequency deviation in each month;
- Automatic governor control (AGC) estimates of the additional electrical power required to be produced or consumed to correct a given power system frequency deviation; and
- A list of any reviewable operating incidents that affected power system frequency.

AGL acknowledges that the benefits associated with these reporting requirements proposed by AEMO outweigh the likely small but non negligible costs involved.

If you have any queries about this submission, please contact Liz Gharghori on (03) 8633 6723 or LGharghori@agl.com.au.

Yours sincerely,

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