



Meridian Energy Australia Pty Ltd
Level 15, 357 Collins Street
Melbourne VIC 3000

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Australian Energy Market Commission

Olga Iaroshevskaya: olga.iaroshevskaya@aemc.gov.au
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National Electricity Amendment (Monitoring and Reporting on Frequency Control Framework) Rule 2019 Consultation Paper

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group) thanks the Australian Energy Market Operator (the AEMO) for the opportunity to provide comments in response to the National Electricity Amendment (Monitoring and Reporting on Frequency Control Framework) Rule 2019 Consultation Paper (the Paper).

Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar Wind Farm in South Australia, followed by the Mt Mercer Wind Farm and in early 2018 acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have further supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

Powershop is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced a number of significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

Please find below our responses to the questions raised in the Paper.

QUESTION 1: ISSUES RAISED

1) What are stakeholders' views on the issues raised by AEMO and the AER?

MEA Group agrees that the issues raised by the Paper reflect the current state of the market and supports a shift to a more transparent and well documented market framework. Change that introduces transparency and the availability of information for participants is likely to assist in removing barriers to entry for some participants and deconstructing what can otherwise be a complex segment of the National Electricity Market.

2) Are there any other issues relevant to this rule change request that the AEMC should consider?

MEA Group is comfortable the relevant issues have been identified by AEMO in its rule change request.

QUESTION 2: THE PROPOSED SOLUTIONS

1) What are stakeholders' views on the solutions proposed?

MEA Group supports the proposed solution of providing quarterly reports based on the metrics outlined in the Paper. In addition to those metrics identified, MEA Group would support the inclusion of the total cost associated with the procurement of each service provided under the Market Ancillary Service Specification as part of the quarterly report.

2) Do stakeholders envisage any costs or issues associated with the proposed solutions?

MEA Group is not aware of any costs or issues with the proposed solution.

QUESTION 3: AER'S QUARTERLY REPORTS ON FCAS MARKETS OUTCOMES

1) Timing of reporting

(a) Do stakeholders agree with the AER proposal to publish quarterly reports as soon as practicable after the end of the relevant quarter, rather than imposing a time limit?

MEA Group has no issue with the proposed timing of the report and that it be made available as soon as practicable.

2) Assessment of effectiveness of competition

(a) Do stakeholders prefer the AER to assess the effectiveness of competition in FCAS markets as part of wholesale electricity market performance reports required under the NEL (at least every two years), or as part of quarterly reports on the performance of FCAS markets?

MEA Group would rather see this information included in the quarterly reports on the performance of the FCAS markets.

QUESTION 4: AEMO'S QUARTERLY REPORTS ON FREQUENCY PERFORMANCE

1) With respect to the quarterly reporting metrics, do stakeholders agree with AEMO's proposed changes described in this section?

MEA Group generally supports AEMO's proposed metrics and in respect of rates of change of frequency, would support AEMO reporting on the three largest frequency deviations. AEMO could also report on rates of change of frequency during normal operating conditions, represented as maximum absolute values of the instantaneous increase and decrease in frequency during normal operation in a quarter.

MEA Group believes it would be beneficial for the market to understand the quantum of frequency services provided by scheduled and semi-scheduled generators during each reporting period, allowing for this metric to be monitored by the market over time.

QUESTION 5: AEMO'S WEEKLY REPORTS ON FREQUENCY PERFORMANCE

With respect to the weekly reporting metrics, do stakeholders agree with the AEMO's proposed changes as described above?

MEA Group supports AEMO's proposed changes to the weekly reporting metrics.

QUESTION 6: REMOVAL OF SPECIFIC REPORTING REQUIREMENTS

Do stakeholders agree with the AEMO's view that the reporting requirements described above conflict and overlap with the proposed rule?

MEA Group would prefer that whilst both Clause 3.13.4A(b1) and Clause 3.13.5(a) of the National Electricity Rules (NER) (as summarised below) may overlap and is available in other formats in AEMO's market systems portal, it is valuable for market participants to be provided with this information in a concise report that is easily located. On that basis, MEA Group would encourage the Commission to retain this information in the quarterly report.

1. Clause 3.13.4A(b1) of the NER, which requires AEMO to publish annually the actual quantities and types of market ancillary services; and
2. Clause 3.13.5(a) of the NER, which requires AEMO to publish annually the costs of all its operations associated with its acquisition of market ancillary services and non-market ancillary services.

QUESTION 7: ASSESSMENT FRAMEWORK

- 1) Is the assessment framework appropriate for considering the rule change request?
- 2) Are there other relevant considerations that should be included in the assessment framework?

MEA Group agrees the assessment framework is appropriate and has no further considerations that should be included in the assessment framework.

If you would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Angus Holcombe', is positioned above the typed name and title.

Angus Holcombe
Head of Asset Development
Meridian Energy Australia
Powershop Australia Pty Ltd