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Australian Energy Market Commission  
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By online submission

### **Clarifying mandatory primary frequency response obligations for bi-directional plant**

Alinta Energy welcomes the opportunity to provide feedback to the AEMC's consultation paper. Our responses to the AEMC's questions are as follows:

#### **Question 1: NON-INCLUSION OF SCHEDULED BIDIRECTIONAL UNITS IN THE MANDATORY PFR OBLIGATIONS WHEN DISCHARGING**

Alinta Energy supports the proposal to clarify that scheduled BDUs be required to provide PFR when discharging. This is consistent with the intent of the final determination for the Mandatory Primary Frequency Response rule. There is no reason to exclude scheduled BDUs from the requirements of mandatory PFR which otherwise apply to other generation types in the NEM.

#### **Question 2: LONG-TERM PROVISION OF PFR**

To the extent that mandatory PFR is required to maintain power system security, it should not discriminate between technologies. Subject to this, Alinta Energy agrees with AEMO that, ideally, such requirements should apply equally to all capable energy production technologies.

However, Alinta Energy is also of the view that a well-designed market-based solution to the provision of PFR should remain the primary goal, as mandatory PFR does not lead to efficient outcomes in either:

1. the dispatch timeframe, as both generation technologies that are incapable of providing PFR, and generators that do not maintain either headroom or footroom, effectively free ride on other generation; or
2. the investment timeframe, as there is no price-signal for investment in PFR capable facilities.

It is noted that the intent of the incoming frequency performance payments (FPP) framework is to, in part, remedy this situation. The FPP framework will create a price signal, both for investment and for the provision of PFR in the dispatch timeframe. However, this price signal may be muted due to the potential impact that mandatory PFR artificially lowers regulation FCAS requirements and therefore decreases FPPs.

Alinta Energy suggests that the AEMC should review the effectiveness of FPPs and mandatory PFR (by mid-2026) once there is sufficient operational experience of the new payments mechanism.

**Question 3: PROPOSAL TO INCLUDE SCHEDULED BIDIRECTIONAL UNITS IN THE MANDATORY PFR OBLIGATIONS**

See the response to question 1 above.

**Question 4: STAKEHOLDER VIEWS ON AEMO'S PROPOSAL FOR SCHEDULED BIDIRECTIONAL UNITS TO BE REQUIRED TO PROVIDE PFR WHEN THEY ARE CONSUMING ELECTRICITY FROM THE GRID**

There are many examples within mandatory PFR of the imposition of obligations on generators based on capability, which has the effect of discriminating between technologies. In this case, AEMO is proposing to apply a regulatory requirement to batteries that does not apply to other participants that are acting as a load. Rulemaking by exception does not tend to stand the test of time and inevitably requires constant revision; but Alinta Energy does not otherwise have strong views on this.

Alinta Energy also notes that, if the FPP framework is effective, a mandatory requirement for batteries to provide PFR while charging should be largely redundant.

**Question 5 STAKEHOLDER VIEWS ON AEMO'S PROPOSAL FOR SCHEDULED BIDIRECTIONAL UNITS TO BE REQUIRED TO PROVIDE PFR WHEN ENABLED TO PROVIDE A MARKET ANCILLARY SERVICE**

See the response to question 4 above.

**Questions 6-8**

No comment.

If you would like to discuss this, please contact me at [hugh.ridgway@alintaenergy.com.au](mailto:hugh.ridgway@alintaenergy.com.au).

Yours sincerely,

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