



INFORMATION

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Amendment to frequency performance payment cost recovery

Initiation of consultation on non-controversial rule improving non-energy cost recovery

The AEMC has published a consultation paper on a rule change request from AEMO that proposes to better align one element of the 2022 primary frequency response incentive arrangements rule with recent reforms to non-energy cost recovery and enable cheaper implementation. We are seeking feedback on the problem raised in the rule change request, the solution proposed by AEMO and our proposed assessment framework. Stakeholder submissions to the consultation paper are due by 13 February 2025.

We are proposing to expedite this rule change request, as we consider that it is a non-controversial rule. Objections to the expedited process are due by 30 January 2025.

AEMO is proposing a minor change to non-energy cost recovery relating to the PFR incentive arrangements rule

AEMO's proposed change relates to the allocation of associated costs to participants that do not have appropriate metering to measure their individual impact on power system frequency (these participants are collectively referred to as the 'residual'). AEMO's proposal would clarify that costs allocated to the residual be spread evenly across all the participants within the residual, based on the sum of energy consumed and energy sent out. The total pool of residual costs would be unchanged.

AEMO considers that this change would remove the potential for sent out energy and consumed energy to net out, thus removing the potential for participants in the Residual to avoid their share of non-energy costs. AEMO considers its proposal would better align with recent reforms to non-energy cost recovery. AEMO also considers that the change would be simpler, and so cheaper to implement.

We are proposing to expedite this rule change request

We are proposing to progress the rule change request through an expedited (non-controversial) process. We consider that the proposed change is not likely to result in large changes in non-energy settlement amounts for individual participants. Consequently, it is unlikely to have a significant effect on outcomes in the national electricity market.

Under an expedited process, there is no draft determination, and a final determination is made eight weeks after the publication of the consultation paper.

Stakeholders can object to the use of the expedited process by lodging an objection with the Commission by **30 January 2025**. If we receive a valid objection we will switch to a standard rule change process.

We are seeking stakeholder feedback to the consultation paper

We have published a consultation paper to initiate this rule change process. Submissions to the consultation paper are due by **13 February 2025**.

We expect to publish a final determination by 13 March 2025, subject to any valid objections to the expedited process being received.

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