

Indicative drafting – Classification of loads as ancillary service loads

Extracts from the National Electricity Rules as they will be immediately after the commencement of the National Electricity Amendment (Demand Response and Ancillary Services Unbundling) Rule 2016 No. 10 on 1 July 2017 marked to show proposed changes under the Classification of ancillary services load rule change request

1 Definitions – amendments to Chapter 10 terms

ancillary service load

A market load or load which has been classified in accordance with Chapter 2 as an ancillary service load.

Ancillary Service Provider

A person who engages in the activity of owning, controlling or operating a generating unit, load or market load classified in accordance with Chapter 2 as an ancillary service generating unit or ancillary service load, as the case may be.

Market Ancillary Service Provider

A person who offers and provides ~~market~~load as a market ancillary service under Chapter 2 and who is registered by AEMO as a Market Ancillary Service Provider under Chapter 2. The relevant person does not need to be the Market Customer for the relevant ~~market~~load. ~~For the purposes of these Rules a Market Ancillary Service Provider is an Ancillary Services Provider.~~

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2 Chapter 2

2.3AA Market Ancillary Service Provider

2.3AA.1 Registration

- (a) A person must not engage in the activity of offering and providing market ancillary services in accordance with Chapter 3 as a Market Ancillary Service Provider unless that person is registered by AEMO as a Market Ancillary Service Provider.
- (b) To be eligible for registration as a Market Ancillary Service Provider, a person must:
 - (1) obtain the approval of AEMO to classify ~~market~~load connected to a transmission or distribution system ~~as to provide~~ market ancillary services by;
 - (i) identifying units of ~~market~~load under its ownership, operation or control;

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(ii) demonstrating how ~~market-load~~ identified in (i) are under its ownership, operation or control; and

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(iii) demonstrating that the ~~market-load~~ identified in (i) has the required equipment to be offered ~~as-ato provide~~ market ancillary services;

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(2) satisfy AEMO that each ~~market-load~~ referred to in subparagraph (1) will be capable of meeting or exceeding the relevant performance standards and specifications to AEMO's satisfaction.

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(c) A *Market Ancillary Service Provider* may classify the ~~market-load~~ referred to in paragraph (b) as an *ancillary service load* in accordance with clause 2.3.5 where it has obtained the approval of AEMO to do so.

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(d) A *Market Ancillary Service Provider's* activities only relate to ~~market loads~~ it has classified (in its capacity as a *Market Ancillary Service Provider*) as *ancillary service loads*, and only while it is also registered with AEMO as a *Market Ancillary Service Provider*.

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2.3.5 Ancillary services load

(a) If a *Market Ancillary Service Provider* in respect of a load, or the *Market Customer* in respect of a *market load*, wishes to use that load or market load to provide *market ancillary services* in accordance with Chapter 3, then the *Market Ancillary Service Provider* or *Market Customer* (as applicable) must apply to AEMO for approval to classify the load or market load as an *ancillary service load*.

(a1) If a *Market Ancillary Service Provider* wishes to use load to provide market ancillary services in accordance with Chapter 3, then the *Market Ancillary Service Provider* must apply to AEMO for approval to classify the load as an ancillary service load.

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(b) An application under clause 2.3.5(a) must be in the form prescribed by AEMO and:

(1) specify the *market ancillary services* which the *Market Ancillary Service Provider* or *Market Customer* (as applicable) wishes to provide using the relevant load or market load; and

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(2) in the case of an application made by a *Market Ancillary Service Provider*, not be in respect of a *market load* that is a *scheduled load*.

(c) AEMO must, within 5 *business days* of receiving an application under clause 2.3.5(a), advise the applicant of any further information or clarification which is required in support of its application if, in AEMO's reasonable opinion, the application:

(1) is incomplete; or

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- (2) contains information upon which *AEMO* requires classification.
- (d) If the further information or clarification required pursuant to clause 2.3.5(c) is not provided to *AEMO*'s satisfaction within 15 *business days* of the request, then the *Market Ancillary Service Provider* or *Market Customer* (as applicable) will be deemed to have withdrawn the application.
- (e) If *AEMO* is reasonably satisfied that:
- (1) the ~~market~~-load is able to be used to provide the *market ancillary services* referred to in the application in accordance with the *market ancillary service specification*;
 - (1A) the *Market Ancillary Service Provider* or the *Market Customer* (as the case may be) has an arrangement with the *retail customer* at the relevant *connection point* for the supply of *market ancillary services*; and
 - (2) the *Market Ancillary Service Provider* or the *Market Customer* (as the case may be) has adequate communications and/or telemetry to support the issuing of *dispatch instructions* and the audit of responses,
- then *AEMO* must approve the classification in respect of the particular *market ancillary services*.
- (f) If *AEMO* approves the classification of a load or market load as an *ancillary service load*, then *AEMO* may impose on the relevant *Market Ancillary Service Provider* or *Market Customer* (as applicable) such terms and conditions as *AEMO* considers necessary to ensure that the provisions of the *Rules* applying to *market ancillary services* can be met.
- (g) A *Market Ancillary Service Provider* and *Market Customer* (as applicable):
- (1) must comply with any terms and conditions imposed by *AEMO* under clause 2.3.5(f);
 - (2) must ensure that the *market ancillary services* provided using the relevant *ancillary services load* are provided in accordance with the co-ordinated *central dispatch* process operated by *AEMO* under the provisions of Chapter 3 and in accordance with the *market ancillary service specification*;
 - (3) may submit to *AEMO* *market ancillary service offers* in respect of the *ancillary service load* in accordance with the provision of Chapter 3; and
 - (4) if the *Market Ancillary Service Provider* or *Market Customer* (as applicable) submits a *market ancillary service offer* in respect of the relevant *ancillary service load*, must comply with the *dispatch instructions* from *AEMO* in accordance with the *Rules*.

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- (h) A *Market Ancillary Service Provider* or *Market Customer* with an *ancillary service load* must only sell the *market ancillary services* produced using that *ancillary service load* through the *spot market* in accordance with the provisions of Chapter 3.
- (i) A *Market Ancillary Service Provider* or *Market Customer* is not entitled to receive payment from *AEMO* for *market ancillary services* except where those *market ancillary services* are produced using an *ancillary service load* in accordance with Chapter 3 or pursuant to a *direction* or *clause 4.8.9 instruction*.
- (j) A *Market Ancillary Service Provider* and *Market Customer* (as applicable) must immediately notify *AEMO* if a ~~*market-load*~~ it has classified as an *ancillary service load* ceases to meet the requirements for classification under clause 2.3.5.

3.8.3 Bid and offer aggregation guidelines

- (a) *Scheduled Generators, Semi-Scheduled Generators or Market Participants* who wish to aggregate their relevant *generating units, scheduled network services or scheduled loads* for the purpose of *central dispatch* must apply to *AEMO* to do so.
- (a1) *Market Customers or Market Ancillary Service Providers* (as applicable) who wish to aggregate two or more ~~market~~ *loads* so they are treated as one *ancillary service load* for the purpose of *central dispatch*, must apply to *AEMO* to do so.
- (b) *AEMO* must approve applications for aggregation made under paragraph (a) if the following conditions are fulfilled:
 - (1) aggregated *generating units or loads* must be:
 - (i) *connected* at a single site with the same *intra-regional loss factor* or, if two *intra-regional loss factors* are determined for the site under clause 3.6.2(b)(2), the same two *intra-regional loss factors*; and
 - (ii) operated by a single *Scheduled Generator, Semi-Scheduled Generator or Market Participant*;
 - (2) aggregated *scheduled network services* must be *connected* at the same two sites, have the same *intra-regional loss factors*, have the same *distribution loss factors* where applicable and be operated by the same *Generator or Market Participant*;
 - (3) *power system security* must not be materially affected by the proposed aggregation; and
 - (4) *control systems* such as *automatic generation control systems* must satisfy the *Rules* after aggregating.
- (b1) *AEMO* must approve applications for aggregation made under paragraph (a1) if the following conditions are fulfilled:
 - (1) aggregated *ancillary services loads* must be *connected* within a single *region* and be operated by a single person (whether in its capacity as a *Market Customer, Market Ancillary Service Provider* or both);
 - (2) *power system security* must not be materially affected by the proposed aggregation; and
 - (3) *control systems* must satisfy the requirements of clause 2.3.5(e)(1) and (2) after aggregating.
- (c) Notwithstanding that one or more of the conditions set out in paragraph (b) may not have been fulfilled by the *Scheduled Generator, Semi-*

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Scheduled Generator or Market Participant, AEMO may approve an application for aggregation provided that such aggregation would not materially distort central dispatch.

- (d) Subject to paragraph (f), for the purposes of Chapter 3 (except rule 3.7B) and rule 4.9, a reference to a *generating unit, scheduled load and scheduled network service* is only taken as a reference to aggregated *generating units, aggregated scheduled network services and aggregated scheduled loads* aggregated in accordance with this clause 3.8.3.
- (e) *AEMO* must evaluate applications for aggregation and reply within 20 *business days* of receipt of the application setting out whether the application is to be approved and the conditions that apply to the proposed approval.
- (f) *Scheduled Generators and Market Participants* that have been granted aggregated status must, if required by *AEMO*, declare individual *scheduled generating unit, scheduled network service or scheduled load* availability and operating status to *AEMO* in the *PASA* process under rule 3.7 to allow *power system security* to be effectively monitored.
- (g) If a *Scheduled Generator, Semi-Scheduled Generator or Market Participant's* application for aggregation is denied by *AEMO*, *AEMO* must provide that applicant with reasons for that denial.
- (h) *AEMO* must maintain a database of aggregated *scheduled generating units, semi-scheduled generating units, scheduled network services, scheduled loads and ancillary services loads* and their components.
- (i) For the avoidance of doubt, *semi-scheduled generating units* which are registered as a single *semi-scheduled generating unit* under clause 2.2.7 are not aggregated *semi-scheduled generating units* for the purposes of Chapter 3 and rule 4.9.

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