



Ms Claire Rozyn
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235
20 February 2017

Dear Claire,

ERC0212 – Emergency frequency control schemes, Draft Rule Determination

AGL welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) Draft Rule Determination on Emergency Frequency Control Schemes (EFCS).

AGL is one of Australia's leading integrated energy companies and 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 generation fuel sources as well as renewable sources. AGL is also a significant retailer of energy, providing energy solutions to over 3.7 million customers throughout eastern Australia.

The views expressed in this submission leverage on AGL's considerable market experience.

AGL supports the introduction of a national EFCS to better ensure a coordinated and consistent approach to managing under- and over-frequency events across the National Electricity Market (NEM). Additionally, AGL considers that the role envisaged for the Reliability Panel in determining the EFCS standard is appropriate and consistent with its experience in developing technical standards.

AGL is concerned about the potential lack of coordination between the AEMC and the Australian Energy Market Operator (AEMO) in managing frequency control. Specifically, AGL is concerned about the implementation of an over-frequency generation shedding scheme (OFGS scheme) in South Australia, ahead of the AEMC's final rule determination on the EFCS. This concern is expanded on below.

Two schemes with the same aim

The OFGS scheme has been developed by AEMO and ElectraNet and is being implemented in South Australia under clause S5.1.8 of the National Electricity Rules (NER). Clause S5.1.8 requires registered participants to co-operate with the Network Service Provider (NSP) to achieve stable operation of the national grid.

The OFGS scheme will require changes to the frequency setting levels for generator control systems, as specified by ElectraNet, thereby enabling the automatic disconnection of the generating system from the power system in response to abnormal conditions. In short, while the OFGS schemes' overall intent is the secure and stable operation of the power system, the mechanism used to achieve this end is frequency control.

The AEMC's Draft Rule Determination states that "S5.18 deals with stability issues rather than frequency issues." Given the OFGS scheme being implemented in South Australia, AGL disagrees with the AEMC's view that S5.1.8 is distinct from the EFCS and does not deal with frequency issues.

AGL also contends that AEMO's submission to the AEMC's Consultation Paper,¹ and its Future Power System Security January 2017 Progress Report,² each link the OFGS scheme with the current rule change being considered. Accordingly, AGL is strongly of the view that OFGS scheme and the EFCS cannot ignore each other.

The AEMC's Draft Rule Determination also states that "AEMO is better placed than TNSPs to develop an EFCS that is coordinated and consistent across the NEM." On this matter, AGL entirely agrees.

Inefficient duplication leads to inefficient costs

Assuming a final rule on the EFCS is made, as seems likely considering current government and industry sentiment, the costs of implementing the EFCS will be initially borne by generators and NSPs. These costs will ultimately be passed through to consumers.

Should South Australian generators and NSPs incur costs to implement the OFGS, there is potential that further costs will be incurred upon commencement of the EFCS, if the requirements of the schemes differ. AGL considers this potential outcome is not in keeping with the National Electricity Objective, as it is inefficient duplication that could result in consumers ultimately paying for twice for frequency control.

AGL considers that implementation of the South Australian OFGS scheme may need to be slowed pending a final rule determination on the EFCS and subsequent development of a cohesive NEM-wide framework.

Alternatively, should the OFGS scheme be implemented now and the EFCS later, it will be within the ability of the Reliability Panel and AEMO to ensure the EFCS requirements match those of the OFGS scheme. This would avoid South Australian end users incurring frequency control costs twice.

AGL urges the AEMC not to ignore the problem posed by the duplication in the OFGS scheme and EFCS, and the subsequent unnecessary burden this would place on affected consumers and industry.

If you have any queries about the submission or require further information, please contact Liz Gharghori at lgharghori@agl.com.au or on 03 8633 6723.

Yours sincerely,



Simon Camroux

Manager Wholesale Market Regulation

¹ AEMO submission, AEMC EFCS Consultation Paper, 18 October 2016.

² AEMO Future Power System Security Progress Report, January 2017, p. 15.