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By online submission

Dear Dr Tamblyn

Aggregation of Ancillary Service Loads – ERC0104

AEMO wishes to comment on the AEMC's consultation paper regarding the above Rule change proposal to allow the aggregation of ancillary service loads in the National Electricity Market (**NEM**).

Ability for AEMO to waive conditions for approving the aggregation of ancillary service loads

Clause 3.8.3(c) of the National Electricity Rules allows AEMO to approve an application for the aggregation of scheduled plant even if all of the conditions in clause 3.8.3(b) are not satisfied provided that such aggregation would not materially distort central dispatch. Section 5.3 of the consultation paper seeks comment on whether AEMO should have a similar power in approving an application for the aggregation of market ancillary service loads.

AEMO notes the inconsistency but considers that such a provision is unnecessary and would never be used, as AEMO would not approve an aggregation of ancillary service loads that did not meet all of the criteria in the proposed clause 3.8.3(b1). The discretionary power given by clause 3.8.3(c) to approve an application for aggregation of scheduled plant "subject to not materially distorting central dispatch" relates to potential inaccuracies in the modelling of electrical losses between the specific location of the generating unit or load and the regional reference node. No such concept applies to the market ancillary services.

Clarification of the current registration process

Section 5.1 of the AEMC's consultation paper states that:

"Market Customers would first need to arrange for these loads to be individually classified as ancillary service loads before they could apply to AEMO to have the loads aggregated for the purposes of central dispatch."

AEMO would like to clarify that the current registration process allows persons to classify and aggregate scheduled generating units, scheduled loads and scheduled network services

under a single application. AEMO considers that the proposed Rule changes for the aggregation of ancillary service loads would allow for a similar process to occur.

Scope of the Rule consultation

The example in section 5.4 of the AEMC's consultation paper highlights a potential issue with the limitation of ancillary service providers to Market Customers only. AEMO has not yet considered the full implications of addressing the issue but suggests that it may affect aspects of the energy market, ancillary services, AEMO and participant market systems and the retail market.

AEMO acknowledges that the potential issue identified by the AEMC warrants further consideration, however given its complexity we suggest that it be reviewed independently of this Rule change proposal.

However, if the issue raised by the AEMC is to be considered as a part of this Rule change proposal, AEMO suggests that the AEMC undertake a specific consultation on the issue to increase stakeholders' awareness.

Thank you for the opportunity to provide feedback and for further details, please do not hesitate to contact Mark Johnston on (03) 9609 8353.

Yours sincerely



Terry Grimwade

Executive General Manager / Market Development