



Mr Ben Davis  
Australian Energy Market Commission  
Level 6, 201 Elizabeth Street  
Sydney NSW 2000  
Lodged via [www.aemc.gov.au](http://www.aemc.gov.au)

Wednesday, 2 August 2017

Dear Mr Davis,

**RE: Non-scheduled generation and load in central dispatch (ERC0203)**

ENGIE appreciates the opportunity to comment on the Australian Energy Market Commission (AEMC) draft determination regarding the rule change proposals for non-scheduled generation and load in the central dispatch process.

ENGIE supports all points raised in the Australian Energy Council's submission, and will not repeat those points in this submission.

In addition to the points outlined in the Australian Energy Council's submission, ENGIE believes that the AEMC's draft decision not to proceed with these rule change proposals represents a failure to respond to the critical challenge facing the national electricity market (NEM). That challenge is manifesting through the growing proportion of both supply and demand within the NEM being outside of the wholesale scheduling and pricing processes. This is imposing a distortion onto the wholesale electricity market, and is creating a blind spot for the Australian Energy Market Operator (AEMO) in relation to its power system security and reliability responsibilities.

The evidence that these challenges are becoming substantial was demonstrated by AEMO in their recently announced<sup>1</sup> decision that they will require all battery storage installations greater than 5 MW to be scheduled. AEMO have explained that this is required to allow them to adequately incorporate battery output into the wholesale market forecast and dispatch processes. ENGIE supports this initiative by AEMO, and believes that this is evidence that all generators and loads greater than 5 MW should be included in the dispatch processes. ENGIE

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<sup>1</sup> AEMO Presentation in Melbourne on 14 July 2017 on regulatory arrangements for battery storage



notes that imposing a specific requirement on battery technology alone raises potential questions relating to the technology neutrality principles within the National Electricity Law.

ENGIE finds it difficult to reconcile the AEMC's reluctance to proceed with these rule change proposals due to the view that the costs are not justified, with the apparent AEMC desire to proceed with the five minute settlement rule change which will impose considerably higher costs for more dubious benefits.

ENGIE asks the AEMC to reconsider its decision and give greater deliberation to the ability for the wholesale NEM design to remain capable of meeting the current and upcoming challenges being imposed by the changing dynamics within the power system.

ENGIE trusts that the comments provided in this response are of assistance to the AEMC in its deliberations. Should you wish to discuss any aspects of this submission, please do not hesitate to contact me on, telephone, 03 9617 8331.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Chris Deague". The signature is fluid and cursive, with a prominent initial "C".

**Chris Deague**  
Wholesale Regulations Manager