

3 June 2021

Ms Anna Collyer  
Chair  
Australian Energy Market Commission  
Sydney South NSW 1235

By online submission  
AEMC Code: ERC0296

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Dear Ms Collyer

### Draft Determination – Fast Frequency Response

AEMO welcomes the opportunity to provide feedback on the AEMC's draft determination for implementing additional new "very fast" raise and lower Frequency Control Ancillary Service (FCAS). The draft determination was supported by AEMO technical advice<sup>1</sup>. AEMO acknowledges the draft determination is mostly consistent with the technical advice. This submission relates to two issues.

The first issue relates to the option of combining existing fast and slow services to "make space" for new fast services to reduce implementation costs. The other issue is the proposed use of an out-of-market contracting arrangement to minimise the risk of exposing new suppliers to issues like changing specifications of the service as AEMO implements new market services. It is AEMO's expectation that learnings from initial out of market procurement would be expected to inform the development of market arrangements.

On the first matter, AEMO is concerned that the implementation costs of additional FFR services while keeping the current eight (8) FCAS are likely to be higher than the option of combining existing 6 and 60 second services to make room for the new FFR services.

On the second issue, AEMO notes that not allowing the use out-of-market contracting in the development and early phases of a new market, may have implications for the operationalisation of the new FFR market. For instance, it may mean that once the infrastructure is built for the FFR market, the initial market requirements would start off small then ramp up to a steady state amount over time.

Should you wish to discuss any of the matters raised in this submission, please contact Kevin Ly, Group Manager Regulation on [kevin.ly@aemo.com.au](mailto:kevin.ly@aemo.com.au).

Yours sincerely



Tony Chappel  
Chief External Affairs Officer

<sup>1</sup> AEMO, Fast frequency response implementation options - Technical advice on the development of FFR arrangements in the NEM, April 2021  
AEMO SUBMISSION - FFR DRAFT DETERMINATION