

12 February 2020

Mr John Pierce
Chair
Australian Energy Market Commission
PO BOX A2449
Sydney South NSW 1235

Via online submission

Dear Mr Pierce,

RE: ERC0274 – NATIONAL ELECTRICITY AMENDMENT (MANDATORY PRIMARY FREQUENCY RESPONSE) RULE 2020 DRAFT DETERMINATION

TasNetworks welcomes the opportunity to make a submission to the Australian Energy Market Commission's (**AEMC's**) draft determination on the National Electricity Amendment (Mandatory Primary Frequency Response) Rule 2020.

TasNetworks is the Transmission Network Service Provider (**TNSP**), Distribution Network Service Provider (**DNSP**) and Jurisdictional Planner (**JP**) in Tasmania. TasNetworks is also the proponent of Marinus Link, a new interconnector between Tasmania and Victoria. The focus in all of these roles is to deliver safe and reliable electricity network services to Tasmanian and National Electricity Market (**NEM**) customers at the lowest sustainable prices. TasNetworks is therefore appreciative of the AEMC's efforts to review frequency response arrangements in the NEM.

Mandatory Primary Frequency Response Requirement

TasNetworks supports the draft rule to introduce a mandatory requirement for all registered scheduled and semi-scheduled generators to comply with the Primary Frequency Response Requirements (**PFRR**). This includes compliance with the new Primary Frequency Control Band of 49.985Hz to 50.015Hz; the treatment of battery energy storage systems; and clarification that generators will not have to maintain additional stored energy to help provide frequency response under the PFRR. TasNetworks also supports the proposed exemption framework that would allow the Australian Energy Market Operator (**AEMO**) to exempt generators from having to meet the new requirements where this is considered very technically challenging and/or overly costly to achieve. TasNetworks considers these measures strike an appropriate balance between improving frequency response in the NEM and minimising the financial impacts associated with doing so.

Implementation and Transitional Arrangements

TasNetworks supports the proposed transitional arrangements for AEMO to consult and prepare interim PFRR prior to the commencement date of the amending rule. TasNetworks also agrees with

and supports the AEMC proposal to develop an incentive based framework for generators to provide primary frequency response over the long term. In this respect, TasNetworks considers the proposed three year sunset clause should provide sufficient time to develop an alternative market based solution. However, if it begins to look as though three years will be insufficient to fully finalise such a solution, then TasNetworks suggests the sunset arrangements be extended. This is to avoid inadvertently setting up another operational 'cliff edge' in the future.

Other Changes

TasNetworks supports the AEMC's draft rulings on the other proposed changes. In particular, the decision not to change the definitions of inertia and inertia support activities. As noted in TasNetworks' submission to the earlier issues paper, the original intent of the inertia definition was to clearly differentiate between inertia provided by 'traditional' rotating machinery and Fast Frequency Response (FFR) provided by inverter connected plant.

In this respect, TasNetworks acknowledges and agrees with the AEMC's rationale on page 51 of the draft determination for not amending clause 5.20B.5, nor Chapter 10. That is, the existing arrangements for inertia support activities capture FFR from inverter connected plant under the term frequency control services. For the purposes of clarity, however, TasNetworks highlights that FFR is not currently part of the Frequency Control Ancillary Services (FCAS) frameworks.

TasNetworks would welcome the opportunity to discuss this submission further with you. Should you have any questions, please contact Bradley Woods, Regulatory and Policy Specialist by phone on (03) 6271 6187 or via email (bradley.woods@tasnetworks.com.au).

Yours sincerely,



Chantal Hopwood,
Leader Regulation