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Submitted online to <http://www.aemc.gov.au/Rule-Changes/Emergency-frequency-control-schemes-for-excess-gen>

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### **Emergency frequency control schemes Reference: ERC0212**

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Australian Energy Market Commission's (AEMC) Emergency frequency control scheme draft determination (the Draft Determination).

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The AEMC's Draft Determination puts in place changes to address the high priority area of frequency control. The Energy Council supports the development of an enhanced emergency frequency control scheme (EFCS), to ensure that power system security can continue to be maintained in the changing power system. As the emergency frequency control scheme is developed, a transparent governance framework will assist to create a robust and effective mechanism to ensure frequency deviations are contained following non-credible contingencies. In general, we are supportive of the AEMC's proposed governance framework for the scheme with the Reliability Panel setting the standard based on a proposal developed by the Australian Energy Market Operator (AEMO), with ongoing monitoring to assess the effectiveness of the scheme. If power system conditions change significantly, there should be a mechanism to revise the scheme if needed, through the Reliability Panel. The Reliability Panel should be conferred the right to request AEMO to review any EFCS if requested to do so.

The costs to implement these schemes will be imposed on consumers, so a transparent process to assess the effectiveness of the scheme is essential. Cost will be passed on through either network service providers or increased wholesale cost from generators. It is critical that the governance arrangements allow for independent audit of the EFCS design specification and procedures against the Standards as set by the Reliability Panel. Under the provisions of proposed Clause 4.4.4(f), we believe the Australian Energy Regulator is best placed to fulfill this audit obligation.

AEMO should have full access to all existing tools for maintaining system security in South Australia, while development of additional services are ongoing. It is concerning that we are considering the development and implementation of additional FCAS services due to issues experienced in South Australia when some existing services in place for frequency stabilisation are prevented from being dispatched in that region. For example, in South Australia FCAS contingency raise services are not currently scheduled by AEMO for some credible contingencies due to a South Australian Government directive. FCAS contingency raise services are crucial for controlling the initial frequency excursion, where frequency dips below 49.75 Hz, EFCS by comparison may not actively commence frequency control until frequency falls below 48 Hz or lower, by which time the system frequency is in freefall. As a result, South Australia is more critically dependent on the successful operation of the emergency frequency control schemes to avoid widespread blackouts across the state.

We support the introduction of an additional protected events category in the National Electricity Rules (NER), and the insertion of a new Clause 8.8.5. This addition to the rules will assist to mitigate the risk to the secure operation of the NEM from extreme events (such as the loss of an interconnector during weather events) in an efficient manner that minimises costs to consumers. We support this development on the basis that the Reliability Panel is tasked with consulting with the market to develop the settings for this new protected events category and the approval of areas of the network where a protected event may be applied by AEMO. The Reliability Panel is best placed to set locations where the Protected Events category should be applied and the circumstances under which a reclassification to a protected event should occur.

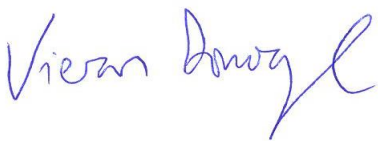
We disagree however that AEMO be the sole body with the capability to apply to the Reliability Panel for approval to assign the status of protected events category to a section of the network. Similarly, AEMO should not be assigned the right to unilaterally cancel the status of protected events category. Cancellation of the ability to apply a protected events category to a section of the network should require Reliability Panel consultation and approval. The current proposed rule has been formulated on the basis that AEMO is the only body technically capable of determining that a protected events category should be conferred on a nominated area of the network. Whilst AEMO contains the technical capability to assess this requirement, AEMO is not the only body that possesses this capability. Therefore, we believe the rules should allow for jurisdictions or participants, supported by suitably qualified and experienced persons, to apply to the Reliability Panel to assign the status of protected events category to a section of the network.

Following approval for a section of the network to be classified as a protected event, this section of the network should be able to move between credible, protected and non-credible events status based on the provisions of Clause 4.2.3A and prevailing network conditions at the time. The current drafting may not provide this flexibility. In the interests of improved governance we believe that Clause 4.2.3A should be further improved by tasking the Reliability Panel with setting guidelines and standards which apply to Clauses 4.2.3A and 4.2.3B. Further, we believe an additional rule Clause 4.2.3C should place a positive obligation on the Australian Energy Regulator to review the criteria for re-classifying contingency events for compliance with the Reliability Panel guidelines or standards in a timely way.

We support the continued close collaboration between market participants and the NEM governance bodies to respond to the challenges as technology and energy use transforms the market.

Any questions about our submission should be addressed to Emma Richardson, Policy Adviser by email to [emma.richardson@energycouncil.com.au](mailto:emma.richardson@energycouncil.com.au) or by telephone on (03) 9205 3103.

Yours sincerely,



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