



19 August 2022

Australian Energy Market Operator

Submitted via email: [mass.consultation@aemo.com.au](mailto:mass.consultation@aemo.com.au)

### **Amendment of the Market Ancillary Service Specification (MASS) – Very Fast FCAS – Draft Determination**

AGL Energy (AGL) welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO) Amendment of the Market Ancillary Service Specification (MASS) – Very Fast FCAS, Draft Determination, dated 22 July 2022.

AGL is a leading integrated essential service provider, with a proud 184-year history of innovation and a passionate belief in progress – human and technological. We deliver 4.2 million gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia. We operate Australia's largest electricity generation portfolio, with an operated generation capacity of over 11GW, which accounts for approximately 20% of the total generation capacity within Australia's National Electricity Market (NEM).

AGL commends AEMO on the progress in drafting the amended MASS to incorporate Very Fast FCAS and working closely with industry to strike the appropriate balance between system security needs and the strategic intent to facilitate Consumer Energy Resources (CER) participation. The introduction of Very Fast FCAS markets will incentivise higher penetration of innovative technologies capable of providing improved system stability outcomes for the NEM. We are pleased that AEMO has given careful consideration to the increasing role of VPPs and CER, more broadly, in providing FCAS services.

AGL supports the amendments to the MASS put forward in the second Very Fast FCAS consultation; specifically, the proposed key parameters of the Very Fast FCAS markets, sampling rate, discounting and the change from Contingency Event Time to Frequency Disturbance Time. Below, we provide commentary on two aspects of the amended MASS.

#### **Reserving headroom & foot-room**

While AGL supports AEMO's intent in incorporating Section 6.2.2(e) into the MASS, the explicit wording of the provision may have the unintended outcome of limiting the ability of residential VPPs and similar flexible technologies from participating in the FCAS markets.

AEMO's fourth VPP Demonstration Knowledge sharing Report noted that in relation to consumer motivations for participating in VPP's that "...The consumer expectation to 'save money on energy bills' is the most prevalent factor in sign-up and retention."<sup>1</sup> Requiring customer assets to reserve headroom or foot-room capacity will significantly impair the ability of the CER device to deliver bill savings for its owners. It is AGL's view that this will in turn be a significant disincentive for consumers who are considering participating in VPP's and will unnecessarily impair the future capacity of FCAS market registrations delivered by VPP's.

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<sup>1</sup> AEMO NEM Virtual Power Plant Demonstrations, Knowledge Sharing Report #4, September 2021, p10.



We propose that AEMO consider amending this requirement to enable the class of non-scheduled participants that do not bid into the energy market, to simply to ensure that sufficient capacity is available without restricting their ability to operate flexibly.

#### **Certification under the IEC61557-12**

AGL does not object, in principle, that equipment measuring FCAS response should be type tested and certified to agreed standards particularly where this supports AEMO's confidence in participants' operational data. However, metering standards certification has not previously been raised as part of this consultation. On this basis, AGL queries whether the late introduction of these additional requirements is in the spirit of the Rules Consultation Procedure provisions in Rule 8.9 of the National Electricity Rules (NER) and whether AEMO has had the opportunity to holistically consider the impact that constricting the number of available systems will have on market participants, particularly new market entrants

The introduction of new technical standards from foreign jurisdictions can have a disruptive effect on local market participation if not appropriately considered, and AGL would query whether the full scope of impact on existing and prospective market participants who would be affected by this requirement has been appropriately considered by AEMO. As no alternative metering standards were put forward in the Draft Determination, no other independent experts appear to have been consulted, and no industry views were sought by AEMO prior to incorporating the IEC61557-12 requirements into the amended MASS, AGL proposes that it may be more appropriate that type testing requirements are considered as part of a separate consultation process where respondents are able to consider the market disruption created through application of a new standard alongside the benefit to AEMO's operations.

If you would like to discuss any aspect of AGL's submission, please contact Valeriya Kalpakidis at [vkalpakidis@agl.com.au](mailto:vkalpakidis@agl.com.au).

Yours sincerely,

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**AGL Energy**