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Australian Energy Market Commission

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Clarifying mandatory PFR obligations for bidirectional plant

AGL Energy (AGL) welcomes the opportunity to respond to the Australian Energy Market Commission (AEMC) Clarifying mandatory PFR obligations for bidirectional plant directions paper.

About AGL

Proudly Australian for more than 185 years, AGL supplies around 4.3 million energy and telecommunications customer services. AGL is committed to providing our customers simple, fair and accessible essential services as they decarbonise and electrify the way they live, work and move.

AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. We are building on our history as one of Australia's leading private investors in renewable energy to now lead the business of transition to a lower emissions, affordable and smart energy future in line with the goals of our Climate Transition Action Plan.

Mandatory primary frequency response

AGL does not support the mandatory primary frequency response (PFR) requirement in the NEM as we consider it inefficient. We continue to support the replacement of mandatory PFR with an effective PFR incentive mechanism which drives PFR provision by market forces from those units that can most efficiently provide it. Nevertheless, in the context of mandatory PFR continuing to persist, we support the draft rule.

The draft rule

AGL supports the AEMC's proposed draft rule by which scheduled bidirectional units would be required to provide PFR:

- when they have received a dispatch instruction to generate a volume greater than zero MW — commencing from 3 June 2024
- when they have received a dispatch instruction to charge (consume electricity) at a volume greater than zero MW — commencing from 8 June 2025
- when they receive a dispatch instruction to provide a regulation service — commencing from 8 June 2025

We support these requirements as during these periods bidirectional units are following system frequency anyway and it is therefore appropriate that they share the burden of providing mandatory PFR with other scheduled and semi-scheduled units.

We also support the decision not to require bidirectional units to provide PFR when at rest and enabled solely for contingency FCAS, as requiring mandatory PFR in these periods would increase wear and tear on the bidirectional units since they would not otherwise be following system frequency.

If you have queries re this submission, please contact me on (03) 8633 6102 or aking6@agl.com.au.

Yours sincerely,

Anton King
A/g Senior Manager Wholesale Markets Regulation