

Australian Energy Market Operator

Submitted via email: pfr@aemo.com.au

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Submission to Primary Frequency Response Requirements Consultation 2024

The Australian Energy Council welcomes the opportunity to make a submission to the Primary Frequency Response Requirements Consultation 2024 (Paper).

The Australian Energy Council (AEC) is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

Two issues were raised at the 21 May AEMO NEM Reform Electricity Wholesale Consultative Forum and the AEC believes this consultation on “minor or administrative changes” to the Primary Frequency Response Requirements (PFRR) may provide an opportunity for AEMO to address them in the revised PFRR.

1. The PFRR should state that when a bi-directional unit (BDU) is enabled for regulation FCAS the quantity of MPFR provided is limited to the level of enablement. In the absence of this, there may be unintended adverse consequences for FCAS markets (discussed below).
2. While AEMO has added “state of charge limits” to section 6.6(e) of the PFRR we consider it would be more efficient to explicitly specify the state of charge limits when a BDU is not required to provide MPFR. For example, the PFRR could state, *when a BDU is generating or charging with a state of charge less than 30 per cent or greater than 70 per cent it is not required to provide MPFR*. This would ensure that BDUs are not at risk of damage and maintain their ability to comply with FCAS or energy market dispatch instructions.

The provision of mandatory PFR (MPFR) by a BDU requires not only allocation of capacity, (headroom and foot room), but also allocation of the available storage resource or storage headroom and foot room. To require more than the regulation FCAS enablement level of MPFR would introduce the risk that the BDU storage levels are compromised, from the economic perspective of the BDU operator. This could result in BDUs withdrawing their plant from providing regulation and potentially contingency FCAS due to the risk that additional energy will be consumed or stored by having to provide MPFR. We would expect that AEMO does not want to risk a reduction of BDUs participating in FCAS markets as it would reduce liquidity and most likely increase FCAS costs, which are ultimately borne by electricity consumers.

Any questions about our submission should be addressed to Peter Brook, by email to peter.brook@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,



Peter Brook

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Australian Energy Council