

13 February 2020

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

Electronic Submission – ERC0274

Draft Determination – Mandatory Primary Frequency Response

Dear Mr Pierce

Energy Networks Australia welcomes the opportunity to provide a response on behalf of our transmission members, to the Australian Energy Market Commission's (AEMC) Draft Determination on the Primary Frequency Response rule changes.

Energy Networks Australia is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

Energy Networks Australia agrees that frequency control deterioration is a significant and immediate issue for the power system and should be addressed expeditiously. Energy Networks Australia therefore supports the AEMC's prioritisation of the immediate need to restore effective frequency control in the NEM to maintain the safety, security and reliability of the power system.

Energy Networks Australia supports the proposed approach in the Draft Rules to mandate primary frequency response and enable an exemption framework, which is intended to sunset when a primary frequency response incentive framework is established. This is a pragmatic way to meet the immediate system security needs while limiting the costs associated with the rules. The basis on which Australian Energy Market Operator (AEMO) may exempt certain generators appears reasonable.

The Draft Determination notes the significant work in the AEMC's revised frequency control work plan, including the indicative date for the AEMC to reach a Final Determination on the AEMO proposed rule change on removal of the Disincentives to primary frequency response in December 2020. AEMC has noted that there needs to be further work to understand the power system requirements for good frequency control. This work and other aspects of the work plan can help inform the longer-term arrangements to incentivise generators to provide primary frequency response.

Energy Networks Australia supports the sunset provision for the mandatory requirements for primary frequency response, however, notes that prescribing a fixed

sunset date of June 2023 could present issues if there is not sufficient time to establish an effective incentive framework. An alternative approach would be to provide for revision of the sunset date as the incentive framework develops so that the sunset will align with the introduction of the incentive framework.

Energy Networks Australia also supports the AEMC decision to not progress the changes to the inertia definition or the inertia support activities at this time.

Energy Networks Australia looks forward to engaging with the AEMC as the frequency control work plan is progressed.

Should you have any queries on this response please feel free to contact Verity Watson, vwatson@energynetworks.com.au.

Yours sincerely,



Andrew Dillon

Chief Executive Officer