



Monitoring and reporting on frequency control framework

Final determination and final rule published

The Australian Energy Market Commission has made a final rule which establishes ongoing reporting requirements on AEMO and the AER in relation to frequency and market ancillary service performance. This rule change increases transparency and consistency of information provided to the market.

Background

In July 2018, the AEMC published its final report into the *Frequency control frameworks review*. The purpose of the review was to advise on changes to the market and regulatory frameworks that may be required to meet the challenges in maintaining effective frequency control, in light of the changes occurring in the electricity sector.

Based on stakeholder feedback and the AEMC's own analysis, the AEMC concluded that there is a lack of transparency regarding:

- the frequency performance of the power system under normal operating conditions
- the general performance of frequency control ancillary services (FCAS) markets.

The final report recommended that a rule change request be submitted to the AEMC to amend the National Electricity Rules (NER) to require:

- AEMO to monitor, and publish reports on, frequency outcomes with respect to the requirements of the frequency operating standard
- the AER to monitor, and report on, the performance of FCAS markets.

AEMO and the AER submitted rule change requests to action the AEMC's recommendations described above. The AER's rule change request was received in February 2019, while AEMO's rule change request was received in May 2019. The two rule change requests were consolidated as one.

Final rule and Commission's rationale

The final rule introduces ongoing reporting requirements on AEMO and the AER in relation to frequency and market ancillary service performance.

The key features of the final rule are:

- a requirement for the AER to report quarterly on each FCAS market, as well as provide an analysis of key trends and outcomes in each FCAS market
- a requirement for AEMO to report weekly on key frequency performance metrics as well as on the amount and utilisation of regulation FCAS
- a requirement for AEMO to report quarterly on frequency performance against the frequency operating standard.

The final rule improves the transparency and consistency of information provided to the market in relation to the frequency control framework. This added level of transparency and consistency will underpin the decision-making process of market participants in relation to the frequency control framework. This is especially important given the degradation of frequency performance in the NEM that is being observed. The AEMC considered that these benefits outweigh the administrative costs of introducing new reporting requirements.

Related work

The AEMC's *Frequency control frameworks review* final report recommended a set of actions the Commission, AEMO and the AER should take to support the stable and secure operation of the power system in relation to frequency control. More transparent and regular reporting of frequency performance was one of the recommendations made by the Commission. An overview of the status of these recommendations can be found on the AEMC's website, under the Frequency control work plan. The AEMC has also received two rule change requests in relation to broader primary frequency control issues. The AEMC will commence consultation on these shortly.

For information contact:

Executive General Manager, **Suzanne Falvi** (02) 8296 7883

Senior Adviser, **Sarah-Jane Derby** (02) 8296 7823

Media: Communication Director, Prudence Anderson 0404 821 935 or (02) 8296 7817

25 July 2019