

31 October 2019



Mr Ben Hiron
Project Leader
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Hiron

Primary Frequency Response Rule Changes

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex) appreciate the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) in response to the following rule change proposals:

- Removal of Disincentives to Primary Frequency Response (ERC0263);
- Mandatory Primary Frequency Response (ERC0274); and
- Primary Frequency Response Requirement (ERC0277).

Collectively AEMO has referred to these rule change proposals as the Primary Frequency Response Rule Changes consultation.

Ergon Energy and Energex agree with the views raised by the Australian Energy Market Operator (AEMO) and Dr Sokolowski in their rule change proposals with respect to primary frequency control. In our view it is not logical to request frequency control from only certain generators on a prescribed or static time interval, particularly as the nature of frequency control is more rapid and complex. We therefore support regulatory change to compel all generating systems to provide primary frequency control where they have the capability to do so.

Ergon Energy and Energex are also supportive of AEMO's view that "*as large a portion of the generating fleet as is practical should be required to provide narrow band primary frequency response*". All generating systems working together (including small roof-top systems following changes proposed to Australian Standard AS4777 allowing them to provide frequency response) is expected to result in a more robust and resilient system.

We also support the removal of disincentives to the provision of Primary Frequency Response (PFR) as proposed by AEMO and Dr Sokolowski, and the introduction of an obligation on all generating systems to provide PFR, allowing for a local, fast and automatic response to PFR together with a reduction in the excursions from frequency bands.

With respect to implementation of the rule change proposals, we are supportive of AEMO's draft PFR response requirements as proposed, including the self-assessment process, due to the number of connected generators. However, we question whether an AEMO option to audit generators should also be introduced to ensure generators are genuine in their assessment and are applying appropriate engineering evaluation.

Ergon Energy and Energex are generally supportive of the statements made by AEMO and Dr Sokolowski with respect to the expected costs and benefits of the proposed rule changes for energy consumers. We also concur with AEMO's position that action must be taken to address the PFR issue as soon as practicable.

We do however question whether adding the term "improve" to clause 4.3.1 of the National Electricity Rules (NER) as per Dr Sokolowski's proposed rule change is justified. It is our view that including this term may create an open statement and lead to changes which have an adverse cost impact on customers. Instead, we recommend a review of system standards to ensure they are sufficiently robust and detailed to deliver a secure power system.

Finally, Ergon Energy and Energex are strongly of the view that inertia should be considered as a separate issue to frequency. We suggest that the PFR rule changes should not be delayed by debate on inertia and its potential impacts on asynchronous generation. We also suggest that a more considered technical review should occur around inertia before changes are made to clause 5.20B.5(g) of the NER.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact myself on (07) 3664 4970.

Yours sincerely



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