Ref. A6100893

16 December 2025

Ms Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
SYDNEY NSW 2001

Dear Ms Collyer,

Optimising contingency size in dispatch and allocating Frequency Control Ancillary Services contingency costs – Consultation Paper

Queensland Electricity Transmission Corporation Limited (Powerlink) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC's) *Optimising contingency size in dispatch and allocating Frequency Control Ancillary Services (FCAS) contingency costs rule changes* Consultation Paper, published on 20 November 2025.

Powerlink understands the Contingency FCAS rule change proposals focus on co-optimising the size of the largest contingency in dispatch and introducing a "runway" method for contingency FCAS cost allocation. While the impacts of these proposals appear to be primarily market-facing, as a Transmission Network Service Provider (TNSP), Powerlink is mindful that these market parameter changes can indirectly affect network planning and operations. We are supportive of initiatives that improve cost-reflective outcomes and overall efficiency in the National Electricity Market (NEM).

Support for Co-Optimisation of Energy and FCAS

Co-optimising energy and contingency FCAS in dispatch, where it enhances market outcomes, aligns with our desire to get the most out of our assets to the benefit of customers. Powerlink understands that the Australian Energy Market Operator (AEMO) can presently co-optimise contingency FCAS with energy dispatch for certain network contingencies[1]. We see value in maintaining this capability to manage potentially high FCAS costs and encourage the use of this functionality to help unlock additional transfer capacity and increase utilisation in transmission networks. We have a favourable view of this aspect of the rule change requests, which would explicitly require AEMO to consider the largest credible contingency size as part of FCAS dispatch decisions.

With grid-scale battery energy storage systems (BESS) now providing over half of contingency FCAS services across the NEM[2] and an additional 6 GW of BESS committed and planned to be operational by the end of 2027[3], we anticipate a reduction in FCAS costs. Extending on the concepts raised in the rule change requests, falling FCAS costs combined with co-optimising the size of the largest contingency in dispatch could make it efficient to dispatch *greater* than the nominal 750 MW single generation contingency benchmark.

[1] Australian Energy Market Operator, Constraint Formulation Guidelines, 2 Dec 2025
[2] Australian Energy Market Operator, Quarterly Energy Dynamics Q3 2025
[3] Australian Energy Market Operator, NEM October 2025 Generation Information

The proposed rule changes also provide a foundation for other opportunities, such as FCAS procurement at the sub-regional level[4]. Powerlink considers that the establishment of defined, sub-regional FCAS markets, alongside optimisation of contingency size in dispatch, could provide operational confidence to scale-efficient hub connections and lower transmission infrastructure costs.

In summary, Powerlink is supportive of enhancing the cost-reflectivity and efficiency of contingency FCAS arrangements with consideration given to the opportunity costs of implementation and alignment with broader market reform priorities.

If you have any questions in relation to this submission, please contact Samantha Rennie (A/ General Manager, Network Regulation) at samantha.rennie@powerlink.com.au.

Yours sincerely,

Stewart Bell

Stewart Bell
Executive General Manager, Operations and Planning

[4] 2023 Powerlink Submission – Development of Regional/Sub-Regional FCAS and/or Operating Reserve Market

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