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

16 July 2026

To Ms Collyer,

Improving contingency FCAS arrangements – Draft determination

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Australian Energy Market Commission's (Commission) draft determination on the consolidated rule changes related to improving the National Electricity Market's (NEM) contingency frequency control ancillary services (FCAS) frameworks.

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE operates an asset fleet which includes renewables, gas-powered generation, and battery energy storage systems. ENGIE also provides electricity and gas to retail customers across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

ENGIE supports the Commission's draft determination and agrees with the Commission's assessment that costly and complex reforms are unlikely to produce material benefits for consumers. In its submission to the consultation paper, ENGIE expressed concern that implementing the consolidated rule changes would make it more challenging for participants to forecast their exposure and manage their risks.[1] ENGIE also highlighted the upcoming significant reforms arising from the NEM wholesale market settings review as justification to not progress the consolidated rule changes at this time.

In relation to the more preferable draft rule on contingency size co-optimisation, ENGIE supports the Commission's intention to formalise and create more transparency around the Australian Energy Market Operator's (AEMO) current co-optimisation practices. As AEMO noted in its submission to the consultation paper, it currently optimises contingency size 'where it is practical and clearly beneficial to do so, which mostly arises in local, rather than global, FCAS requirements'.[2]

[1] ENGIE 2025, Submission to Optimising contingency size in dispatch and Allocating FCAS contingency costs – consultation paper, 18 December, p. 1.

[2] Australian Energy Market Operator 2025, AEMO submission to consultation paper – Optimising contingency size in dispatch and Allocating FCAS contingency costs, December, p. 4.

The draft determination provides useful guidance on how the Commission considers that AEMO can meet the proposed ‘reasonable endeavours’ obligation in Schedule 1 of the draft rule.[3] However, as this guidance is not formalised in the National Electricity Rules, ENGIE questions whether the ‘reasonable endeavours’ obligation may actually reduce AEMO’s flexibility and its current ability to exercise discretion and judgement when considering co-optimisation. ENGIE asks that the Commission review the drafting of Schedule 1 of the draft rule and confirm it would meet the policy intent set out in the draft determination.

Should you have any queries in relation to this submission please do not hesitate to contact me on, telephone, 0436 929 403.

Yours sincerely,

Matthew Giampiccolo

Matthew Giampiccolo
Manager, Regulation and Policy

[3] Australian Energy Market Commission 2026, Draft rule determination – Improving contingency FCAS arrangements, June, p. 25