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27 March 2014

Sebastien Henry
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Henry

AEMC Consultation Paper – Generator Ramp Rates and Dispatch Inflexibility in Bidding

AGL Energy Ltd (AGL) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) Consultation Paper on the Australian Energy Regulator's (AER) rule change request regarding generator ramp rates and dispatch inflexibility profile (the Paper).

AGL supports the foundations of this rule change – in that it aims to ensure system security and the efficient dispatch of generation in the National Electricity Market (NEM).

Clearly the fundamental issue to effectively clarifying generator ramp rates is the difficulty and likely costs associated with effectively determining appropriate technical ramp rate levels under all operating conditions. Further, AGL considers that it will be a complex task to correctly encapsulate all relevant parameters that determine actual ramp rate capability on generation units. Such an exercise will require consideration of plant capability under different operating conditions, the potential impacts of varying fuel qualities and overall market circumstances. There are times a plant operator will adjust unit parameters to ensure a plant is operating comfortably within its design limits under all possible market conditions to ensure minimal manual intervention. Similarly, any new regime is likely to require a new theoretical design assessment for each generating unit and sign off which may require significant time and expense.

Given the issues identified, AGL considers that there is merit in exploring the alternative of applying the existing 3MW/min rule to individual physical generation units. Through simply applying minimum bid ramp rates of 3MW/min on actual physical units – compared to aggregated units – additional ramping capacity would be available to NEMDE under various conditions. This approach would also negate the need to explore and determine individual technical ramp rates for individual units.

- > Being selected as a member of the Dow Jones Sustainability Index 2006/07
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AGL has a number of aggregated units and would support changing the current methodology in line with the 3MW/min as outlined above. This was originally proposed in the initial AEMC rule change consultation process with the Australian Energy Market Operator (then NEMMCo) arguing that 'it would lead to better management of system security during critical system events'¹. It is important to note that this was in reference to aggregated units. AGL considers that there is merit in applying this rule on an individual unit basis to enhance the benefits of this approach.

AGL is currently completing additional analysis in support of this submission. This will be provided to the AEMC in due course.

If you have any queries about the submission or require further information, please contact Josynta Singh at jsingh@agl.com.au or on 03 8633 6628.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simon Camroux'.

Simon Camroux
Manager Wholesale Markets Regulation
AGL Energy Ltd

¹ AEMO's Submission on the Proposed Rule Change regarding Ramp Rates, 18 June 2008, p1.

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