



## Classification of loads as ancillary service loads

Final determination and final rule published

**The Australian Energy Market Commission (AEMC or Commission) has made a rule in response to a rule change request received from the Australian Energy Market Operator (AEMO). The rule allows Market Ancillary Service Providers (MASPs) to classify any load approved by AEMO as an ancillary service load. This is achieved by removing the requirement that ancillary service load must be a market load.**

### Final rule

The AEMC determined to make, with amendments, the rule proposed by AEMO. It determined to remove the market load restriction, and make any load eligible for MASP classification as ancillary service load. Newly eligible customers, via their chosen energy service providers, will be able to offer load into the frequency control ancillary services (FCAS) markets, for example, from demand response via aggregated behind the meter batteries. More FCAS will support AEMO in maintaining a secure power system, while greater competition between FCAS suppliers could lead to more efficient FCAS prices.

The final rule will come into effect on 29 August 2017, allowing AEMO sufficient time to amend their registration procedures and documents to take account of this change.

### Commission's reasons

The Commission considers that the rule will contribute to the National Electricity Objective (NEO) since it will promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity by:

- Enhancing competition, as well as promoting consumer choice. Retail customers who are currently served by their local retailer will gain access to a competitive market for MASP services, leading to an increase in the number of customers eligible to provide their loads for providing market ancillary services.
- The rule will increase the amount of load that will be eligible to provide ancillary services thereby potentially increasing the resources available to AEMO with which to maintain power system security.

### Background

The rule change request builds on the *Demand response mechanism and ancillary services unbundling* rule made by the Commission in 2016, which unbundled the provision of ancillary services from the sale of energy. This rule created a new market participant, the Market Ancillary Service Providers (MASP) and came into effect on 1 July 2017.

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