

26 July 2017

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Dear Mr Pierce

**Consultation Paper: National Electricity Amendment (Classification of Loads as Ancillary Service Loads) Rule 2017**

Thank you for the opportunity to provide comments on the proposed rule change.

The Australian Energy Market Operator (AEMO) submitted the ancillary service load request to the AEMC on 26 April 2017. The basis of the proposed rule change was to expand the coverage of loads eligible to provide market ancillary services to include loads that are not market loads.

In relation to the questions raised in the consultation paper, we provide the following responses for the AEMC's consideration.

Assessment Framework (Question 1)

AEMO considers the assessment framework proposed by the AEMC to be appropriate. Extending the application of the rule increases the pool of resources on which AEMO may call for services to support system security. In light of the current uncertainties in the market, increasing the number of market ancillary services available can only aid the management of power system security.

Potential impact on competition (Question 2)

As part of our original submission AEMO noted the proposed rule is expected to increase the sources of ancillary services, which is likely to promote competition in the FCAS markets.

Alternative Implementation Approach (Question 3)

AEMO is of the view that the implementation approach as submitted by AEMO is preferable. While either option would enable non-market loads to be classified by market ancillary service providers (MASP) as ancillary service loads, drafting the changes outside of the MASP provisions would be seen as beyond the scope of the rule change suggested. As this was proposed as a non-controversial change, AEMO considers it more appropriate to limit it to the new amendments only, to ensure the scope of the change is transparent.

If you would like to discuss or have any questions regarding this submission, please do not hesitate to contact Chris Muffett on (02) 8884 5317.

Yours sincerely



Peter Geers  
**Executive General Manager Markets**