



Tel: 03 8633 6026  
Fax: 03 8633 6882

AGL Energy Limited  
ABN 74 115 061 375

Melbourne  
Level 22, 120 Spencer Street  
Melbourne VIC 3000

Locked Bag 14120 MCMC  
Melbourne VIC 8001  
www.agl.com.au

20 June 2008

Dr John Tamblyn  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney NSW 1235

By email to: [submissions@aemc.gov.au](mailto:submissions@aemc.gov.au)

**Re: Ramp Rates, Market Ancillary Service offers and Dispatch Inflexibility**

Dear Dr Tamblyn,

AGL supports the proposal by the AER to limit the ability of participants in the market to use technical parameters to distort market outcomes and risk system security in the fact of market congestion. We note that the issue is congestion, and the lack of a mechanism to allocate resources during congestion, rather than the behaviour of the participants.

We are, however, concerned that a uniform minimum ramp rate (3 MW/Min) will unfairly penalise smaller participants. For example, a 50MW unit would be required to ramp at 6% of its maximum capability whereas a 600MW unit would only be required to ramp at 0.5% of its maximum capability.

Since the issue is being caused by the congestion of the market, a more appropriate approach would be to make the obligation proportional to size. This would also prevent larger units from using aggregation to exacerbate this issue (For example aggregating four 600MW units into a 2400MW unit would mean that the participant would still be able to set a minimum ramp rate of 3MW/Min).

AGL therefore suggests that the minimum ramp rate for a unit, including aggregated units, be set to the lesser of 1% of the registered capacity of the unit (rounded up to the nearest integer) and the registered maximum ramp rate from Schedule 3.1 for that unit.

This approach would allow proportionate sharing of a constrained resource for units of all sizes, whether aggregated or not, and allow for technical constraints, as registered in Schedule 3.1, to determine the upper limit of the imposed minimum.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Alex Cruickshank'.

Alex Cruickshank  
Manager Wholesale Markets Regulation