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Sydney NSW 2000

3 June 2021

Ms Anna Collyer  
Chair  
Australian Energy Market Commission  
201 Elizabeth Street  
Sydney NSW 2000

Lodged via the AEMC Website

Dear Ms Collyer,

**RE: Draft determination and a draft rule to introduce Fast Frequency Response Ancillary Service**

Enel Green Power (EGP) welcomes the opportunity to respond to the Australian Energy Market Commission (AEMC)'s draft determination and a draft rule regarding the introduction of a new market for Fast Frequency Response (FFR) services.

Founded in 2008, and part of Enel Group, EGP builds and operates large scale renewable generation capacity in energy markets around the world. EGP operates in 32 countries across 5 continents with a managed capacity of over 49 GW of renewables and over 1,200 plants. EGP is the largest privately owned renewable energy company in the world, generating renewable electricity from hydro, solar, wind and geothermal resources across the globe.

EGP supports the implementation of an FFR market, noting the AEMC's analysis that such a market will substantially lower the overall procurement costs of ancillary services in a future power system dominated by renewable generation. Importantly, it also provides a new revenue stream for non-thermal fast responsive technologies that will increasingly be needed to support a secure network in a climate constrained world.

While we are supportive of the draft determination we raise two issues which we consider require further consideration by the Commission:

- First, the draft determination appears to have settled on 2 seconds as the appropriate time frame for the FFR market. We consider this requires further thought given that the fast responsive technologies expected to participate in the market, such as batteries, inverter based generation and demand response can respond within 1 second or less. The AEMC should consider whether a more granular approach could reduce the overall costs of procurement;
- Second, the AEMC proposes an implementation date of 2024 for the FFR market. Given the speed of the energy transition, we urge the AEMC to consider the costs and benefits of an earlier implementation date, potentially mid 2022.

Finally, we support AEMO's proposal to allow for variable droop settings, as this will maximise the ability for technologies to fully participate in an FFR market while allowing participants to manage their primary frequency response requirements.

Also important, is that AEMO undertakes a clear, transparent and consultative process for determining droop settings for technologies in its update of the market ancillary services specification (MASS), to avoid uncertainty with respect to how technologies may be deployed in the new FFR market.

Please feel free to contact Con Van Kemenade, Head of Regulatory Affairs, on 0439399943 to discuss anything we have raised in this submission.

Yours faithfully,



Werther Esposito  
Country Manager  
Enel Green Power Australia