

Mr Ben Hiron
Australian Energy Market Commission
Level 6, 201 Elizabeth Street
Sydney NSW 2000



28 May 2021

Re: ERC0296 – Draft Rule Determination – National Electricity Amendment (Fast Frequency Response Market Ancillary Service) Rule 2021

Dear Mr Hiron,

The Energy Efficiency Council (EEC) thanks you for the opportunity to comment on the Australian Energy Market Commission's (AEMC) Draft Rule Determination on National Electricity Amendment Rule 2021 - Fast Frequency Response (FFR) Market Ancillary Service.

The EEC supports the proposed introduction of two new markets for FFR:

- very fast raise service; and
- very fast lower service.

The development of these two new markets will more appropriately remunerate organisations that provide FFR in under 2 seconds, as this service is undervalued in the 6-second market. This will encourage the development of more very fast raise and lower services, such as automated demand response and batteries, which will help maintain the NEM in a secure operating state.

The EEC recommends that these two new markets should be introduced as rapidly as possible, and certainly faster than the three-year introduction timetable that is proposed.

However, the EEC does have significant concerns about the Australian Energy Market Operator's (AEMO) proposal to design its registration system for FFR providers around the 'generator registration system', including the requirement for technical studies. A registration system that is designed around generation is likely to be inappropriate and excessive for demand response, adding unnecessary costs to demand response providers and discouraging its development.

Demand response and batteries are already major providers of Frequency Control Ancillary Services (FCAS), and it is essential that AEMO design a registration system that is appropriate for all the current and potential providers of FFR, not just generation. The EEC strongly recommends that AEMO engage with the EEC's members, along with battery and generator operators, to design an FFR registration system that provides AEMO with appropriate confidence without introducing biases for or against particular types of FFR providers.

We look forward to continuing to engage with the AEMC and AEMO on this matter. For further information please contact me on rob.murray-leach@eec.org.au or 0414 065 556.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Rob Murray-Leach".

Rob Murray-Leach
Head of Policy
Energy Efficiency Council