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Lodged via email: ben.hiron@aemc.gov.au

Re Frequency Control Draft Determination

Dear Ben,

Neoen welcomes the opportunity to respond to the AEMC's draft determination on fast frequency response rule changes.

About Neoen

Neoen is the leading French, and one of the world's leading independent producers of renewable energy. Neoen is a responsible company with a long-term vision that translates into a strategy seeking strong, sustainable growth. We have 4 GW of projects globally in operation and under construction, with significant presence in Australia: Hornsdale Wind Farm (309 MW in SA); Parkes, Griffith, Dubbo, and Coleambally Solar Farms (combined 255 MW in NSW); Bulgana Green Power Hub (hybrid wind/battery system) and Numurkah Solar Farm (combined 314 MW in VIC); and the Degrusa Hybrid Power System (10.6 MW in WA). Neoen is also the owner of Hornsdale Power Reserve (150 MW battery system) in SA.

FFR

In general, we agree with the AEMC's approach, namely:

- Establishing spot markets for two new *very fast* services
- Not merging existing contingency roles (arrest & recover)
- Not establishing a formal transitional market
[but allow AEMO to procure FFR through targeted transitional measures – see below]

Timelines:

It would be good if the new markets can be delivered earlier, if possible. We gather there is some kind of restriction on how this can be prescribed by the AEMC.

We support AEMO's view on transitional contracts to limit the need for directions or constraints to acquire FFR. Acquiring the service without compensation is harmful to providers.

Neoen recognises that the timeframes are too short to formally create a procurement framework, however the AEMC should endorse AEMO to create their own procurement processes on a case by case basis. Beyond the transitional arrangements, we consider that ongoing contracts can be helpful to mitigate bill shock for large consumers.

Lastly, it would be valuable for the perverse settlement outcomes caused by net metering to be solved before the introduction of the *very fast* markets to reduce the unfair impost on industrial customers.

Interaction with inertia

Neoen would like to see co-optimisation between FFR dispatch and system strength constraints where FFR can partially substitute inertia. This could allow greater proportions of renewable energy and reduce the cost of market interventions.

Interaction with MPFR

Given the proportionally larger and increasing “mileage” on batteries as demonstrated by the AEMC in the May 21 frequency control working group, we expect there is an increased probability that MPFR will deplete battery FFR capacity before a potential contingency event.

The narrow deadband MPFR is not compatible with capacity already reserved for FFR or Contingency FCAS.

Neoen reiterates that PFR should be separately reserved, and not have a mandatory narrow deadband which interferes with the efficient operation of plant and dispatch. We support a wider mandatory deadband that can react to emergency events and we note that AEMO’s evidence of the need for MPFR is solely related to emergency events. In all AEMO’s examples, regional procurement of Contingency FCAS would have had a greater magnitude response than MPFR.

The consistent control of minor frequency error does not need to be done by all generators to get a robust and high quality result, allowing the NEM to source this service from those who can most cheaply provide it.

Yours sincerely,



Tom Geiser,
Senior Market Manager,
Neoen Australia