

2 June 2021



Ben Hiron
Australian Energy Market Commission

Submitted electronically.

Dear Mr Hiron,

Fast Frequency Response draft determination

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) draft determination on Fast Frequency Response (FFR).

PIAC supports the AEMC's draft determination to create markets for Fast Frequency Response. Specifically, a very fast raise service and a very fast lower service. These markets are necessary as the energy system transitions to zero-emissions and they will help bring the transition forward.

However, we do not support the AEMC's proposed three year timeframe for the implementation of the FFR markets for the following reasons:

- The timeframe does not reflect the pace and urgency of the energy transition underway. FFR was formally proposed at least as early as 2017, in the AEMC's Frequency Control Frameworks Review report. If the rule is implemented in 2024 as the AEMC suggests, it will have taken 7 years to progress a reform that has consistently received widespread support.
- It does not meet the Australian Energy Market Operator's (AEMO) demonstrated need. AEMO has already directed ElectraNet to procure FFR in South Australia.
- Long and drawn out timeframes advantage incumbents while creating uncertainty around new, beneficial technologies, such as battery storage.
- There is no need for extensive further consultation. There is already a strong consensus of stakeholder support so further consultation on

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technical specifications need only be short, and targeted to expert technical and operational staff.

- The new markets are likely a low risk to participants as they extend existing Frequency Control Ancillary Services (FCAS) structures.
- The absence of an FFR market is creating costs for consumers through FCAS procurement and measures to address system security risks.

AEMO has demonstrated its ability to act quickly on processes that are high priority and will deliver strong consumer benefit, for example its expedited implementation of Wholesale Demand Response.

FFR appears a relatively low-cost, high reward reform with substantial potential benefits for reliability and system security in the short term, and affordability and efficiency over the longer term. By providing a price signal to reward fast, flexible and dispatchable assets the proposed FFR markets will drive efficient investment in necessary new resources. This is increasingly important as large coal generators exit the market.

PIAC strongly recommends the AEMC seek a shorter timeframe for the implementation of the FFR reforms to avoid unnecessary costs to consumers and to meet the needs of the rapidly transitioning energy system.

We welcome the opportunity to discuss these matters further with AEMC.

Yours sincerely

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