Community Electricity

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Ancillary Service Standards and Requirements Study

Standing

Community Electricity is:

a. a licenced Electricity Retailer and a provider of Electricity Retail Services and Market Consultancy;
b. a member of the Independent Market Operator's Market Advisory Committee;
c. a member of the Economic Regulation Authority's Technical Rules Committee;
d. via a previous corporate association, formerly the Chair of the Balancing and Ancillary Services Expert Team of the former electricity reform process.

Further information is available at: www.communityelectricity.net.au

Submission

Community supports the draft report as being comprehensive, innovative, pragmatic and fit-for-purpose.

We note the IMO's comments about the relative paralysis caused by the Electricity Market Review and support the report's interpretation of the relative feasibility and timeliness of the various recommendations.

We wish to highlight several findings that we consider make important contributions to debates that are being promoted by the Market Advisory Committee.

Recommendation 9 – Simplify the Load Following Service standard

We note the report's finding that

> "Owing to the ambiguity and difficulty in interpreting and implementing the LFAS standard, System Management instead uses the practice of procuring at least 72 MW of each upwards and downwards LFAS. By observation this has been found to be sufficient to contain the system frequency to the Normal Range 99.9% of the time. However, the SWIS Operating Standards state that the Normal Range need only be met for 99% of the time. ROAM's international benchmarking exercise found that containing frequency to its normal range for 99.9% is much more onerous than typical frequency standards elsewhere; in the markets ROAM reviewed, the performance standards varied between 97% and 99%."

We observe that this issue has been debated extensively at the Market Advisory Committee, where despite System Management obfuscating the process to a standstill, it has been intuitively obvious that the cost of the LFAS service is higher than it reasonably

needs to be. We consider that the report's finding provides evidence for the need to rejuvenate the debate in the short term over the longer term and integrate System Management under the IMO.

Recommendation 1 - Ensure requirements for Spinning Reserve capable Facilities are technologically neutral

We welcome correction of the current inefficiency. We would add that we understand the current requirement to exclude 'capacity' that is not available for nominally 100% of the year and that this is a stark inefficiency that should be remedied.

Recommendation 4 – Alter the treatment of LFAS providers in SR and LRR to be consistent and cognizant of constraints on the delivery of the services

We support the suggestion that within the technical capabilities of the facility, LFAS facilities should be permitted to simultaneously contribute to Spinning Reserve and Load Rejection Reserve. We perceive the provision of LRR by LFAS-down service to contribute to the resolution of the prospective increase in the required LRR quantity due to the commissioning of the mid west network extension.

Recommendation 7 – Simplify the Spinning Reserve Service standard Recommendation 13 – Factor dynamically forecast load relief into the Spinning Reserve Service requirement

Given that a facility that is providing Spinning Reserve is not available to provide energy, which by its nature would generally be low cost energy, we consider that these recommendations will materially reduce energy costs and should be prioritised. We acknowledge that System Management has over the years performed very well on the basis of the "70%" rule.

Contact

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