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**Ben Hiron**

**Australian Energy Market Commission**

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**4 February 2021**

### **AEMC Directions Paper – frequency control rule changes**

AGL Energy (**AGL**) welcomes the opportunity to comment on the Australian Energy Market Commission's (**AEMC**) Directions Paper on frequency control rule changes addressing Fast Frequency Response (**FFR**) and Primary Frequency Response (**PFR**).

AGL is one of Australia's largest integrated energy companies and the largest ASX listed owner, operator, and developer of renewable generation. AGL is also a significant retailer of energy and telecommunications, providing solutions to around 4.2 million across Australia.

The AEMC has comprehensively considered several options to give effect to the FFR and PFR rule change proposals, and our broad view is that some options may be overly complex. Where possible, we ask the AEMC to favour simpler, targeted reforms, to maximise benefits to the market.

We provide a summary of our views below, with further information on the more detailed aspects of the rule changes in the attached stakeholder submission template.

#### ***Fast frequency response***

AGL agrees with the drivers for FFR put forward by Infigen, the rule proponent, that decreased inertia in the power system is giving rise to several challenges, including larger frequency deviations following contingency events.

We support amendments to existing contingency frequency control ancillary services (**FCAS**) arrangements through the addition of a 2-second raise and lower service, to sit alongside the six existing contingency services.

#### ***Primary frequency response***

Our observations of the mandatory PFR roll-out, which began in late 2020, are that PFR settings have been effective in helping to stabilise power system frequency, and minimising recovery time following contingency events. That said, we do not consider that mandatory PFR, implemented at all scheduled and semi-scheduled plant, should continue beyond the sunset period of June 2023, nor is it necessary to have such excessive levels of PFR.

We support developing new FCAS arrangements (primary regulating services) for provision of PFR during normal operation. To support normal operation, the frequency response deadband would have to be narrow or moderate – that is, it must be less than the contingency band of +/-0.15Hz. We consider this approach will drive economically efficient PFR procurement that adequately meets system needs.



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Finally, AEMO's technical advice on both FFR and PFR is still in development. We would appreciate the opportunity to review and comment on AEMO's advice in responding to the next consultation stage.

If you have any queries about this submission, please contact Liz Gharghori on (03) 8633 6723 or [lgharghori@agl.com.au](mailto:lgharghori@agl.com.au).

Yours sincerely,

Elizabeth Molyneux

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