



Mr Peter Adams  
General Manager, Market Performance  
Australian Energy Regulator  
GPO Box 520  
Melbourne Vic 3001

Lodged via email: [wholesaleperformance@aer.gov.au](mailto:wholesaleperformance@aer.gov.au)

Dear Peter,

### **Re Semi Scheduled Generator proposed rule change**

Neoen welcomes the opportunity to respond to the AER's rule change regarding semi-scheduled generation (June 2020).

## 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 2 GW of projects globally in operation and under construction, including in the NEM: 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 (100 MW/129 MWh battery system) in SA.

## Summary

None of the options are acceptable.

The proposed options appear to be heavy-handed solutions without regard for the commercial position of participants.

In general, the NEM's governing bodies are becoming too forceful and dogmatic in their approach to rule changes. Many rule changes are proposed on the basis of an internal agenda rather than a prioritised set of problems. AEMO and AEMC regularly disregard commercial outcomes and ignore technical evidence as it suits them<sup>1</sup>. Continuation of these practises is certain to adversely impact consumers, generators, and the Australian economy.

The AER's preferred solution is the least worst of the options. However, consistently capping semi-scheduled generators will materially reduce production (not without significant adverse economic consequences) and will also bias frequency deviation, requiring an increase in Raise Regulation services.

In addition, the preferred solution does not improve the fast ramping issue.

---

<sup>1</sup> MPFR – AEMO ignored evidence of other proven technical solutions. Implementation and investment in supply has been slowed by the lack of incentives. ALF – AEMC disregarded evidence because they believed in another solution. COGATI – AEMC continues to push for a solution without defining or quantifying the problem. Commercial concerns are ignored, and evidence of market benefits is still lacking.

## Issue 1 – Manual Curtailment for Economic Reasons

Neoen agrees that this behaviour is harmful and not sustainable with a growing fleet of renewable generators.

**Neoen suggests amending the semi-scheduled rules to forbid a semi-scheduled generator from manually reducing output for purposes other than technical or weather-related issues or to meet its dispatch target.**

Availability and resource metrics sent to AEMO via SCADA can be used to identify non-compliant behaviour.

## Issue 2 – Fast Ramping to Target

Communicate to generators that they are likely to save money on Regulation liabilities if they slow down ramp rates. This is already a strong enough incentive to linearly ramp.

MPFR is likely to materially reduce the impact of this issue, even more so than linear ramping.

Linear trajectories are an arbitrary and unhelpful ideal. Real world machines are usually stepwise non-linear in action. There should not be an obligation to linearly ramp, even though AEMO may anticipate this for convenience in the CPF calculations.

## Economic Drivers

There are multiple drivers encouraging a few generators to bad behaviour. Addressing these items is likely to reduce the incidence of unintended outcomes.

- Region wide constraints requiring floor bids by semi-scheduled participants.
- Semi Dispatch Cap clears during a constraint due to incorrect forecast.
  - This leads to an unanticipated and rapid ramp up in generation
- Price forecast during intervention is consistently false.
  - Participants are unable to anticipate negative prices
- CPF assessment and application periods are not aligned.
- CPF procedure not in line with NER.
  - AEMO has been notified over 18 months ago but it does not seem to be a high priority
  - Participants can be punished for accurately following dispatch targets
- Binding/Unbinding of constraints difficult to forecast.
  - Causes multiple generators to ramp up and down triggering other drivers listed
- Generators contractually obliged to generate if prices are positive.
  - Rapid re-entry into market causes further price volatility

## Other Issues

Non-scheduled peakers have caused frequency to leave the NOFB because they were chasing a high 30 minute price. This has twice delayed re-synchronisation following separation of SA.

Neoen is available to participate in further discussions at the AER's behest.

Should you have any questions or seek to follow up this submission at any time, please feel free to contact Tom Geiser via email at [tom.geiser@neoen.com](mailto:tom.geiser@neoen.com).

We look forward to engaging with the AER and stakeholders further on this and future reviews.

Kind regards,



Tom Geiser,  
Senior Market Manager,  
Neoen Australia