



6 August 2021

Australian Energy Market Operator

Via email: mass.consultation@aemo.com.au

Response to Amendment of the Market Ancillary Service Specification – DER and General Consultation

Thank you for the opportunity to comment on the ongoing Market Ancillary Service Specification (MASS) consultation process.

Cape Byron Power (www.capebyronpower.com), operated by Cape Byron Management, consists of two 30 MW biomass fired power stations, on the NSW north coast. Together, these form one of the largest renewable base load generators in Australia.

Our electricity is predominantly produced from sugar cane milling waste, along with certain types of wood residues and energy crops, commonly referred to as 'biomass' fuel.

Cape Byron Management, led by a highly experienced board of directors and management team, is at the forefront of sustainable biomass practices and has a commitment to continuous improvement and innovation; driving fuel procurement according to defined principles of best practice benchmarks.

We are a leader in responsible and sustainable biomass power generation providing carbon neutral, cost effective and reliable renewable power now, and into the future.

Cape Byron's plant are non-scheduled generators that also serves a significant co-located loads (Sunshine Sugar, www.sunshinesugar.com.au) which is served behind the connection point meter at both our sites. Currently, as a non-scheduled generator we do not participate in FCAS markets. However, we are investigating a range of options for co-located facilities, some of which may be suitable for FCAS provision in future. As such we provide a relevant 'hybrid site' case study. We believe that as the aging thermal generation fleet retires there will be many cases where legacy sites with significant grid connection infrastructure are repurposed as hybrid generation, storage and load sites. This is reflected in many participant plans already, including our own.

Our concerns with AEMO's draft proposal relate to location of measurement. AEMO has stated a preference to retain a connection point metering approach for FCAS, rather than the asset-based alternative discussed as part of the consultation.

We are concerned that retaining a connection point metering approach is a missed opportunity for sites like ours and many others. As our Condong and Broadwater sites already host a third-party industrial load, we are concerned that retaining a connection point approach limits our ability to invest in assets that could provide FCAS services when these services would not be competing on an equal basis with other FCAS facilities in the market. Our initial analysis suggests that the cost of managing our collocated loads as part of providing an FCAS service would be a material negative factor in our investment process.



Our preference is to have more options and less constraints regarding the long-term use of our sites. We believe AEMO has missed an opportunity to ease the transition of legacy generation sites of yesterday into the energy hubs of tomorrow by making it easier to invest in new technology and repurpose existing infrastructure.

We believe updating the MASS to allow device level metering is also consistent with the ESB's NEM2025 reform objectives. The ESB has set the objective goals of "enabling access to products and services that innovation offers"¹ and "integrating flexible DER and demand-based assets into the market at all levels"² which we read as including sites such as ours.

Our preferred position is that the MASS is updated to require measurement at the inverter or controllable asset (AEMO's Measurement Location Option 2³). We do not believe this would exclude any existing business models and would reduce barriers to entry, increase business model innovation and FCAS supply, and ultimately reduce system costs and prices to customers while improving the long-term efficiency of the NEM consistent with the NEO.

Alternatively, connection point metering could remain the default approach with device level metering allowed wherever qualifying measurement equipment is installed to ensure the same beneficial outcomes can be captured. This approach would be less interventionist but may result in reduced system visibility on the margin compared to our preferred approach (but significantly higher visibility compared to AEMO's draft determination).

We look forward to supporting AEMO, the wider industry and our customers and investors to ensure Australia's electricity sector is modernised and able to meet new challenges.

Yours Sincerely,

Anthony Lount
General Manager
Cape Byron Management

¹ ESB, Post 2025 Market Design Options – A paper for consultation Part A, April 2020, p55.

² ESB, Post 2025 Market Design Options – A paper for consultation Part A, April 2020, p55.

³ AEMO, Amendment of the Market Ancillary Service Specification – DER and General Consultation, 14 June 2014, p8.