

Senate Standing Committee on Environment and Communications

Legislation Committee

Answers to questions on notice

Environment and Energy portfolio

Question No: 156
Hearing: Additional Estimates
Outcome: Outcome 5
Program: Energy Division (ED)
Topic: Costs
Hansard Page: -
Question Date: 14 March 2017
Question Type: Written

Senator Back asked:

Do contributors to grid instability directly bear the costs of FCAS thus providing an incentive for such generators to reduce the negative externality that they impose on the power system?

Answer:

Yes. For regulation Frequency Control Ancillary Services (FCAS), the recovery of payments is based upon a 'causer pays' methodology, that is, the costs are recovered from market participants on the basis of their contribution to frequency deviations.

For contingency FCAS services, generators pay for Raise Services and customers pay for Lower Services.