



15 August 2019

Mr Aulbury  
Australian Energy Market Commission

Dear Mr Aulbury,

**Submission: Medium Term Projected Assessment of System Adequacy**

CS Energy welcomes the opportunity to provide a submission on Improving transparency and extending duration of MT PASA, Consultation Paper, dated 18<sup>th</sup> July 2019.

**About CS Energy**

CS Energy is a Queensland energy company that generates and sells electricity in the National Electricity Market (**NEM**). CS Energy owns and operates the Kogan Creek and Callide coal-fired power stations and Wivenhoe, a pumped-storage, hydro-electric peaking plant. CS Energy sells electricity into the NEM from these power stations, as well as electricity generated by other power stations that CS Energy holds the trading rights to.

CS Energy also operates a retail business, offering retail contracts to large commercial and industrial users in Queensland, and, is part of the South East Queensland retail market through our joint venture with Alinta Energy.

CS Energy is 100 percent owned by the Queensland government.

**General comments**

CS Energy is supportive of all the proposals made by the proponent ERM Power.

Our detailed submission is set out in the Attachment.

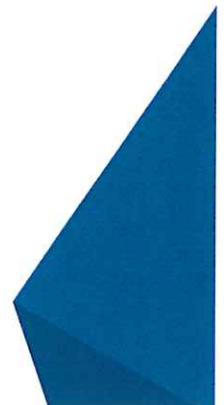
Yours sincerely

A handwritten signature in black ink, appearing to read "Teresa Scott", written over a faint, larger version of the same signature.

**Teresa Scott**  
Market Policy Manager, Revenue Strategy

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## ATTACHMENT

CS Energy has previously discussed the relevance of central forecasting in the context of power market reliability in its submission to the Reliability Review, dated 28<sup>th</sup> May 2018.

In that submission CS Energy explained that scheduling, *central forecasting* and the RERT safety net are not direct reliability measures. Using an example price ceiling of \$300, CS Energy explained this was because, if the price ceiling doesn't encourage enough investment to meet demand, it doesn't matter how good the demand forecast is, nor does it matter when you schedule reserves, the system will be unreliable. Additionally, the safety net would stop being a safety net.

Rather than increase the NEM's price ceiling, CS Energy concluded the sensible option available to policymakers was to implement measures that reveals the consumer demand curve, in time giving us the confidence that the power market will clear with *voluntary* load shedding, without price capping, central interventions and subsequent involuntary load shedding.

CS Energy would characterise central forecasting as a measure to determine whether the safety net (RERT) needs to be enacted by the system operator. CS Energy would therefore identify the benefits from the rule proposal are avoidance of unnecessary costs associated with 'false positives' and 'false negatives', when costs are incurred due to error in the central forecast.

The consultation paper sets out a range of questions on proposals relating to:

1. generation availability data, including any views on requiring AEMO to:
  - publish individual generation availability data, including any concerns around commercial-in-confidence information
  - include committed-type generation information in MT PASA
  - report maximum and minimum aggregate generation availability data
2. demand forecasts, including any views on requiring AEMO to:
  - forecast and publish an additional demand forecast in MT PASA
  - update its demand forecasts at least monthly
  - provide consistent types of demand in its forecasts.
3. the proposal to extend the MT PASA outlook from being a two-year horizon to be a three-year horizon.

All these proposals appear sensible and will hopefully provide policymakers and participants confidence that the NEM safety net will not be enacted unnecessarily.

CS Energy is comfortable with the publishing of individual generating unit availability data by AEMO in MT PASA, provided this data is published in respect of all scheduled generators. As a generator with a significant portfolio of assets, should this proposal avoid any perception of information asymmetry, then CS Energy shall welcome it.

As a point of clarification, the Commission states on page 12 of the Consultation Paper that:

The Commission does note that the inclusion of a 90POE demand requirement in the MTPASA would indirectly affect how AEMO calculates the reliability standard. It is likely that AEMO would be required to update the RSIG to reflect the addition of an MT PASA input that is also used in its assessment of the reliability standard.

CS Energy requests that this be clarified. It is the company's understanding that the reliability forecast uses a 'blend' of 10POE and 50POE, and therefore, should the proposal be implemented the 90POE would simply be published and not used in the Reliability assessments.