



EnergyAustralia

LIGHT THE WAY

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Dear Commissioners,

AEMC 2019, Improving Transparency and Extending Duration of MTPASA, Consultation Paper

We welcome the opportunity to comment on the AEMC's consultation paper on ERM's two rule change requests which aim to improve the transparency and extend the duration of AEMO's Medium-Term Projected Assessment of System Adequacy (MTPASA).

EnergyAustralia is one of Australia's largest energy companies with around 2.6 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own, operate and contract an energy generation portfolio across Australia, including coal, gas, battery storage, demand response, solar and wind assets with control of over 4,500MW of generation capacity in the National Electricity Market (NEM).

The MTPASA process is critical to AEMO, market participants and other stakeholders in ensuring the reliability and security of the NEM, and is becoming increasingly important given the tightening supply and demand balance. EnergyAustralia is in principle supportive of measures to improve the transparency of the NEM but we have some concerns around aspects of the proposed changes. The consultation paper considers a number of amendments to MTPASA and these are addressed in the below.

Extension of MTPASA

We support the extension of MTPASA from its current 2-year timeframe. Since ERM lodged the rule change request¹ the notice of generator closure has been extended from 36 to 42 months to improve interaction with the Retailer Reliability obligation (RRO)². The AEMC should give consideration if the MTPASA timeframe should be extended to match this requirement.

Publication of aggregate generator availability data

In EnergyAustralia's view the purpose of MTPASA is that it:

¹ <https://www.aemc.gov.au/sites/default/files/2019-07/ERC0271%20Rule%20change%20request%20pending.PDF>

² NER Clause 2.10.1

- provides a more up to date and granular assessment of reliability than what is provided in the annual Electricity Statement of Opportunity (ESOO)³.
- helps participants and AEMO anticipate and understand market conditions and therefore plan outages and generator maintenance to ensure there are no impacts on reliability.
- allows AEMO to make assessments of the level of expected Unserved Energy (USE) in the future and contract to reserves if it identifies a breach of the reliability standard.

As highlighted above the purpose of MTPASA is to ensure the reliability and security of the NEM, it is not intended for trading or commercial use. To this end it is logical that AEMO has full access to the unit level MTPASA submissions from market participants. Participants should have access to data to ensure they can understand the supply and demand balance such as the aggregated availability in each region. We do not see the reliability and security benefits of providing de-aggregated generator availability data to participants. We do, however, see commercial and trading risks due to the potentially commercially sensitive nature of specific unit level data. For these reasons EnergyAustralia does not support publication of de-aggregated generator availability data.

EnergyAustralia unequivocally disputes suggestions by ERM that generators share information outside of the market.

Accuracy and transparency of demand forecasts used in the MTPASA process

EnergyAustralia is supportive of any changes to AEMO's forecasting processes that improve accuracy provided any benefits are likely to outweigh any additional costs or complexity to AEMO and participants.

The rules do not currently require AEMO to use the 90% Probability of Exceedance (POE) demand forecast in its MTPASA process as it is assumed that the 90% POE will have zero, or close to zero USE. In their rule change request ERM suggest that not using the 90% POE demand forecasts in the MTPASA process may result in additional USE as AEMO weights the 10% and 50% POE at a higher level. In principle we are supportive of the proposed change, although it is not clear to EnergyAustralia whether these changes will result in any material benefits. At a minimum we would encourage the AEMC to request AEMO to review whether the current weightings of POE demand forecasts are appropriate.

Frequency of demand forecast updates

In their rule change request⁴ ERM identify that demand forecasts are only updated annually whereas plant availability is provided to AEMO by participants weekly. They suggest that AEMO should be required to update their demand forecasts more frequently to reflect new information that is received, for example weather forecasts. EnergyAustralia supports improvements to forecast accuracy where there are likely to be material benefits. We suggest that AEMO should be required to update their demand

³ The full MTPASA is updated weekly, on Tuesday while the MTPASA region availability is updated 4 times each day (excluding Sunday).

⁴ <https://www.aemc.gov.au/sites/default/files/2019-07/ERC0270%20Rule%20change%20request%20pending.PDF>

forecasts if there is a 'material change' in demand for the MTPASA period. For example, a large load announces closure.

We continue to advocate that there should be reciprocal requirements similar to those for generators where large loads must also notify the market of their closure intentions. Large loads play an equally important role in determining whether there are step changes in reliability and should be obligated to provide notice of intentions⁵.

Transparency and ease of use of demand data

ERM proposes that the demand forecasts that AEMO publishes should be changed from 'operational as sent out' to 'as generated'. EnergyAustralia suggests that AEMO should be consulted for recommendations on how to address this issue.

Transparency of forced outage rates

ERM raises concerns that the published outputs from the MTPASA process currently provide no transparency with regards to the level of variability in available generation capacity being assumed in the model, for example due to forced outages. They propose that AEMO should be required to report on daily maximum and minimum regional adjusted scheduled generator availability data in the MTPASA output data to address the lack of transparency. We note that AEMO already publishes forced outage rates used in the ESOO at the technology aggregation level (for example, brown coal) for each state. Provided that scheduled generator availability is published in aggregate to anonymise all generators then EnergyAustralia is supportive of this change.

Inclusion of intending generation in MTPASA

Currently the NER only requires that generators (scheduled and semi scheduled) who have been approved for registration by AEMO are to be included in the MTPASA process. ERM proposes that the MTPASA process should also include committed/intending generation that is likely to commence generation within the MTPASA period. Not including these could lead to long notice RERT (for example) being triggered unnecessarily. We are supportive of this change as it reduces the likelihood of triggering unnecessary costs to customers though the activation of the RERT.

Conclusion

EnergyAustralia supports changes to AEMO's forecasting processes which improve accuracy and transparency, provided the benefits of any proposed changes are likely to outweigh any increase in cost or complexity.

While in general we are supportive of ERM's proposed changes to improve transparency of MTPASA we do not support de-aggregation of availability data. The purpose of the MTPASA process is to ensure AEMO and market participants can make informed decisions to ensure the reliability and security of the NEM. It is not clear to EnergyAustralia what benefits would be gained from publishing more granular MTPASA data, which is often of a commercially sensitive nature.

⁵ EnergyAustralia's submission to generator closure notice, page 3, <https://www.aemc.gov.au/sites/default/files/2018-06/EnergyAustralia.PDF>

If you would like to discuss this submission, please contact Andrew Godfrey on 03 8628 1630 or Andrew.Godfrey@energyaustralia.com.au.

Regards

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