



## Draft determination on updating short-term PASA

The Australian Energy Market Commission (AEMC or Commission) has made a draft rule to provide the Australian Energy Market Operator (AEMO) with more flexibility to update the short-term projected assessment of system adequacy (ST PASA). These changes will ensure that ST PASA is fit for purpose as the market develops by introducing a principles-based approach and removing some prescriptions in the rule.

### Context and rule change request

The PASA is the principal method of indicating to the National Electricity Market (NEM) a forecast of electricity system reliability for a period of two to three years. The NER currently requires that ST PASA covers six trading days from the end of the most recent pre-dispatch horizon.

AEMO is currently conducting a comprehensive review of the PD and ST PASA methodology in its ST PASA replacement project, and is exploring the development of a system that will serve the NEM now, and into the future.

On 29 June 2021, the Commission received a rule change request from AEMO regarding ST PASA. AEMO proposed the following changes to the NER:

- Introduce a principles-based framework in clause 3.7.3 of the NER to provide more flexibility to AEMO and market participants to update ST PASA so that it is fit for purpose as the market develops.
- Require the publication of generator availability information on a per unit, or dispatchable unit identified (DUID), level.
- Change the definition of PASA availability to remove the specification of available capacity within 24 hours and replace it with a requirement to specify the recall notice period for relevant plant.

### Overview of the draft rule

The Commission has made a more preferable draft rule. It is consistent with AEMO's rule change request, but incorporates a number of features to more effectively meet the needs of all market participants. The key features of the draft rule are:

- Introduces a principles-based approach to ST PASA, with principles linked to the objective for PASA in clause 3.7.1 (b) of the NER.
- Requires AEMO to develop the ST PASA procedures to describe how it will administer the ST PASA process, including:
  - how AEMO will prepare inputs for ST PASA to meet the ST PASA objective
  - the information AEMO will publish to meet the ST PASA objective
  - the processes and methodologies AEMO will apply to produce the ST PASA information
  - the period to be covered by ST PASA if it is different to a 30-minute period
  - the information required to be submitted by each relevant registered participant.
- Requires AEMO to comply with the *Rules consultation procedures* when amending the ST PASA procedures, except for minor or administrative changes.
- Requires AEMO to publish generator availability information for each unit and station, or DUID.
- Specifies that ST PASA is published over a seven day period, combining pre-dispatch PASA

and short-term PASA.

- Changes the definitions of PASA availability and energy constraint.

### Benefits of the more preferable draft rule

Having regard to the issues raised in the rule change request and during consultation, the Commission is satisfied that the more preferable draft rule is likely to better contribute to the achievement of the National Electricity Objective. The draft rule:

- **Promotes reliability and security at lowest cost** by providing AEMO more flexibility to update the inputs used, the information required from participants and information published in ST PASA. The changes will improve the ability of AEMO to assess reliability and security conditions in the NEM as the market develops, and reduce the cost of providing new information. The draft rule also improves the information provided to market participants. This will better inform the market of generation availability, and allow registered participants to make better informed decisions regarding scheduling planned maintenance and expected reliability and security conditions.
- **Minimises administrative compliance requirements and costs** by improving the flexibility of AEMO to respond to changes in the market and removing unnecessary steps that may be required to make changes to ST PASA. The draft rule also requires AEMO to thoroughly consult with registered participants when making changes to ST PASA and to balance the benefits and costs of requiring more information from participants. The draft rule also improves transparency of AEMO processes compared to the current arrangements by strengthening the reporting requirements on AEMO.
- **Promotes efficient facilitation of broader reform program** by linking information requirements and publication to the objective for PASA under clause 3.7.1 which clearly references power system security. These changes will facilitate the development of the ESB and AEMC system security work programs as the regulatory approach to the provision of system services continues to develop.

### Implementation

There is still uncertainty regarding the commencement date of this rule due to the implementation of AEMO's ST PASA replacement project, as noted above. The areas of uncertainty include:

- availability of specialised resources
- timelines related to system changes
- relationship between implementation of ST PASA and the *Integrating energy storage systems into the NEM* rule change.

The Commission notes that this rule will not commence until at least quarter three 2023. The Commission will decide on a firm commencement date in the final rule.

### Consultation and next steps

The AEMC received 15 submissions to the consultation paper published on 26 August 2021.

The Commission is seeking stakeholder feedback on the draft determination and the more preferable draft rule by **10 February 2022**.

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