

Australian Energy Markets Commission (AEMC)

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10 February 2022

Submission to AEMC ERC0332 Updating Short Term PASA Draft Rule Determination

The Australian Energy Council (AEC) welcomes the opportunity to make a submission to the AEMC ERC0332 Updating Short Term PASA (ST PASA) Draft Rule Determination (Draft)

The AEC is the industry body representing 20 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the majority of the electricity in Australia, sell gas and electricity to over ten million homes and businesses, and are major investors in renewable energy generation.

Discussion

The AEC is broadly supportive of the Draft and applauds the AEMC's decision to reject AEMO's proposed minimalist consultation processes and instead force AEMO to comply with the Rules Consultation Procedures in Chapter 8 of the National Electricity Rules (NER). In its previous submission, the AEC noted that any replacement of prescription with a principles-based approach has inherent risks as a rules-based framework is the overarching principle of NEM governance and the AEMC correctly identifies this in the Draft.¹

The AEC believes that the two-stage consultation process should be the default for any changes to ST PASA. However, the Draft allows AEMO to circumvent this for "minor and administrative changes".² Clause 3.7.3 (d) states this but does not define what "minor and administrative" changes would be.

The AEC is supportive of Draft requiring AEMO to publish generator availability on a dispatchable unit identifier (DUID) basis. This enhanced granularity of ST PASA outputs with generator availability at the DUID level will be positive for the market. It will increase transparency and facilitate more efficient market outcomes. Furthermore, this will align ST PASA with MT PASA which already reports at the DUID level.³

The AEC concurs with CS Energy's initial submission that, it is imperative that "system adequacy is defined in the context of ST PASA to ensure that power system security parameters including but not limited to inertia, reactive power and system strength are detailed to the market alongside capacity reserve (energy) and Frequency Control Ancillary Services (FCAS) referred to as contingency capacity".⁴ While this is out of scope of this Draft, it would be advantageous for AEMO to define what system adequacy is, especially since thermal units are retiring and VRE and batteries are becoming increasingly significant parts of the electricity supply system.⁵

¹ Draft, p6.

² Draft, p19.

³ Draft, p27.

⁴ https://www.aemc.gov.au/sites/default/files/documents/cs_energy_submission_to_updating_st_pasa_september21-h1901034.pdf

⁵ <https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/data-wem/projected-assessment-of-system-adequacy-pasa>

Any questions about our submission should be addressed to Peter Brook, by email to peter.brook@energycouncil.com.au by telephone on (03) 9205 3103.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'P Brook', is displayed on a light yellow rectangular background.

Peter Brook
Wholesale Policy Manager
Australian Energy Council