Shell ENERGY

10 February 2022

Australian Energy Market Commission
GPO Box 2603 Sydney NSW 2000
Sydney NSW 2000

RE: ERC0332 National Electricity Amendment (Updating Short Term PASA) Rule 2022

Shell Energy welcomes the opportunity to provide feedback on the National Electricity Amendment (Updating Short Term PASA) Rule 2022 draft determination.

About Shell Energy in Australia

Shell Energy is Shell's renewables and energy solutions business in Australia, helping its customers to decarbonise and reduce their environmental footprint.

Shell Energy delivers business energy solutions and innovation across a portfolio of electricity, gas, environmental products and energy productivity for commercial and industrial customers, while our residential energy retailing business Powershop, acquired in 2022, serves more than 185,000 households and small business customers in Australia.

As the second largest electricity provider to commercial and industrial businesses in Australia[1], Shell Energy offers integrated solutions and market-leading[2] customer satisfaction, built on industry expertise and personalised relationships. The company's generation assets include 662 megawatts of gas-fired peaking power stations in Western Australia and Queensland, supporting the transition to renewables, and the 120 megawatt Gangarri solar energy development in Queensland.

Shell Energy Australia Pty Ltd and its subsidiaries trade as Shell Energy, while Powershop Australia Pty Ltd trades as Powershop. Further information about Shell Energy and our operations can be found on our website here.

General Comments

Shell Energy supports the approach that the Commission has taken in making a more preferable rule regarding updating short term projected assessment of system adequacy (STPASA). We particularly welcome the Commission's consideration of the administrative compliance burden to participants in its consideration of the proposed changes. However, we do note that in moving to a less prescriptive rule the Commission has reduced clarity for stakeholders until the Australian Energy Market Operator's (AEMO) consultation on the STPASA procedure is completed. We have therefore targeted this submission towards the areas where we consider the rules could be enhanced to provide clarity for stakeholders by specifying more clearly what would be required as part of the AEMO procedure. Whilst we note that AEMO has suggested there are STPASA outputs that it believes may no longer be required, Shell Energy has not been able to identify any current outputs that are not valuable to participants and other stakeholders.

Introduction of a principles-based approach for ST PASA

Replacing the terms "Scheduled Generator" and "Market Participant" with "Registered Participant" could place additional obligations on participants that currently have no obligations under the ST PASA. For example, a retailer as a market customer could be required to produce half-hourly consumption forecasts due to this change. Shell Energy considers it appropriate for the Commission to further clarify its position around this change with respect to different classes of market participants.

Shell Energy supports the principle of transparency around the STPASA, particularly around inputs, outputs, the information requirements and the processes and methodologies. However, we consider it appropriate that this principle be offset by the need to keep some commercial information confidential. We recommend that the Commission add provisions in the Rules for what would be sensitive market information and for confidentiality

[1] By load, based on Shell Energy analysis of publicly available data.
[2] Utility Market Intelligence (UMI) survey of large commercial and industrial electricity customers of major electricity retailers, including ERM Power (now known as Shell Energy) by independent research company NTF Group in 2011-2021.

provisions where required. For example, market participants are likely to treat the current storage levels at any storage facility as commercially sensitive information. At a minimum we think it appropriate to add to this principle the need for consideration of commercially sensitive information.

We support the Commission in its aim to require AEMO to consider the costs and benefits of collection any relevant information. However, we do not consider the rule goes far enough in specifying AEMO's approach to this consideration. Shell Energy would prefer that the Rules require AEMO to conduct a formal cost benefit analysis prior to making any additional information requests from market participants.

Shell Energy notes that there are currently no forecasting accuracy reporting provisions in the operational timeframe (ie for pre-dispatch and STPASA). This is in contrast to the provisions in the Rules for forecasting accuracy reporting in the planning timeframe, (clause 3.13.3A(h)). Shell Energy considers that transparency around pre-dispatch (PD) and STPASA forecast accuracy outcomes is crucial to the success of the new framework and any new methodology. To enhance transparency, we propose the inclusion of a reporting requirement for AEMO that would see it regularly review the accuracy of STPASA forecasts during any declared Lack of Reserve (LOR) period. The proposed reporting obligations would form part of AEMO's Lack of Reserve reporting obligations, (Clause 4.8.4B) and would modify the current reporting obligations to require a comparison of forecast and actual market outcomes with the STPASA and Pre-Dispatch projections at the time that any LOR declaration was made. We believe that this approach would provide useful and transparent information both to AEMO and stakeholders and assist with identifying areas of possible improvements in the operation forecasting timeframe.

This proposed accuracy reporting in the operational timeframe, aligned only with declared LOR periods, would reduce the level of reporting requirements on AEMO and provide transparent information to stakeholders at times when AEMO's forecasts can result in significant market impacts such as the use of Directions or activation of RERT contracts. This reporting requirement could be implemented relatively simply through a proposed new clause 4.8.4B(d)(3) which would read: "forecasts used at the time of declaration of conditions and actual outcomes recorded at dispatch".

Specification of ST PASA being published over seven days

We note that by combining the PD and ST PASA the Commission introduces potentially onerous requirements on participants and may limit the amount of information provided to the market. The PD PASA currently has both PASA and maximum availability data provided at a 5 minute granularity. In contrast ST PASA is based on 30 minute data granularity. Combining PDPASA and STPASA is expected to lead to a combined data provision and modelling approach. This will result in the need for 5-minute availability data to be provided for a full seven day period. This could be an onerous requirement for market participants, particularly those forecasting the output from variable renewable energy generation. Given the high likelihood of changes over the operational timeframe we question the value of the additional granularity beyond the PDPASA timeframe.

An additional consideration arising from the combination of PD and ST PASA is that it would lead to a small decrease in the extent of the timeframe covered compared to that currently covered by the two individually. PDPASA currently covers at least day one and, from 12:30 each day, trading day two. This leads to coverage of up to 39 hours with an additional six trading days from STPASA. For comparable coverage it would be necessary to require the combined PD and ST PASA to cover eight trading days from the end of the current half hour.

Publication of generator availability information on DUID level

Shell Energy supports the publication of dispatchable unit identifier (DUID) information for scheduled and semi-scheduled generation in the current STPASA timeframe. We do note the concerns raised around competition and market power that may result from the publication of this information in PDPASA timeframe. However, as demonstrated by the positive outcomes to date for a similar change in the medium term PASA, we believe the benefits associated with this would exceed any potential negative outcomes. We also note that ~~for~~ the benefits of this information to transmission network service providers (TNSP) for network outage planning is likely limited since it does not include DUID data for unscheduled intermittent generation.

Changing the definition of PASA availability and energy constraint

Shell Energy supports changing the definition of PASA availability to ensure that more accurate information is provided to the market. However, we view the proposed definition of energy limitation to be too broad. In particular, we consider that it introduces a risk that participants may need to provide energy limitation data that may

not be able to be calculated for the STPASA purposes at a highly granular level. As set out in our submission[3] to the Integrating Energy Storage System (ESS) into the NEM rule change draft determination, this would create an unmanageable compliance risk, and our objection to this proposed change in the rules remains consistent with that set out in our submission to the Integrating ESS into the NEM draft determination. We suggest that the Commission impose limitations on the level of granularity that may be required for provision of information in STPASA energy limitations. We currently see no advantage with regards to market information changing from the current Trading Day based energy limitation framework.

Shell Energy supports the proposed change to the definition of PASA availability. The reference to the use of a technology based designated timeframe framework, defined in the reliability standard implementation guidelines definition of recall periods, is acceptable provided this is based on AEMO consultation regarding this framework. We note that it may be beneficial to allow different recall period specifications for MTPASA and STPASA. Allowing the reliability standard implementation guidelines to reference different recall periods would be appropriate given their different roles and timeframes.

Should you wish to discuss this submission further please contact Peter Wormald (peter.wormald@shellenergy.com.au)

Yours sincerely,

Libby Hawker
GM Regulatory Affairs and Compliance

[3] Integrating Energy Storage Systems into the NEM, Draft Determination – Shell Energy Submission, page 9 (https://www.aemc.gov.au/sites/default/files/documents/a31._shell.pdf)