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Australian Energy Market Commission

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CONSULTATION PAPER - ENHANCING INFORMATION ON GENERATOR AVAILABILITY IN MT PASA

Alinta Energy appreciates the opportunity to provide feedback on the AEMC's consultation paper on the *Enhancing information on generator availability in MT PASA* rule change.

Alinta Energy understands that AEMO is concerned with a lack of information about when generators are available to supply, and the lead time required for recall from an outage, which purportedly makes it challenging for:

- AEMO to effectively plan and operate the system;
- participants to coordinate maintenance schedules;
- the Australian Energy Regulator (AER) to assess compliance under the current notice of closure arrangements; and
- investors to assess opportunities for replacement plant.

To address these perceived issues, AEMO's proposed rule amends clause 3.7.1 and 3.7.2 (and the relevant definitions) of the NER to require reporting of a unit's status through reason codes, and associated recall times when triggered through a reason code, via AEMO's MT PASA.

While Alinta Energy supports the underlying intent of this rule change to capture sufficient information which assists AEMO in planning and operating the system, we do not consider that it should proceed in its current form. This is because:

- it will not substantially promote information transparency, rather it will lead to duplication of similar information and unnecessarily increase the burden on participants;
- it will unreasonably interfere with commercial decisions and decision-making processes;
- this proposal overlaps with other ESB reform initiatives already underway; and
- we consider the costs of implementation would likely outweigh the benefits of this solution.

No significant promotion of information transparency

The proposal will not substantially promote information transparency. Rather, Alinta Energy considers that this proposal could lead to duplication of information and an increase in administrative burden on participants. This is because:

- AEMO already has a recall system which was introduced recently;
- Generator outages are already included in MT PASA; and

- The ESOO already includes proposed shutdown dates for all generators.

Alinta Energy is concerned that duplicate systems and process requiring similar information could actually reduce information transparency and clarity for AEMO and other interested stakeholders.

Rather than introducing a new requirement, consideration should be given to whether the existing systems and processes that participants use to submit this information could be enhanced pragmatically to simplify the process and minimise manual effort and participant costs.

Interference with commercial decisions and decision-making processes

Alinta Energy acknowledges the desire to capture information regarding mothballing and seasonal shutdowns, particularly where these assets are never returned to the market. However, we do not believe this extension of the requirements are warranted, including on reliability grounds.

Capturing these assets would inherently create significant market risk, especially without a clear, targeted and universally accepted definition of these functions. It would also unnecessarily interfere with commercial decisions and decision-making processes, and therefore the broader operation of the market.

Fundamentally, the decision to mothball or seasonally shut down a generating plant is one of economics and doing so is part of a healthy operational strategy, allowing a market participant to:

- provide peaking capacity when needed;
- protect against unnecessary operation/maintenance, risk exposure and costs; and
- contract an out-of-market service/s.

These decisions are typically made at short notice and are based on a range of factors including access to fuel sources, demand profiles and competition pressures. Applying a long notice requirement to announce the closure of a plant in market, is therefore untenable.

The proposal overlaps with other reform initiatives underway

Alinta Energy believes that an appropriate resource adequacy mechanism (such as a capacity market) that provides enduring long term market signals to value the services provided by these assets, will support the case to keep them (or bring them back, as the case may be) in operation. In addition, the operation of new essential system services will also provide additional opportunities and therefore value creation which may mean that the plant can continue operations in the face of adverse factors. Therefore, we believe a capacity market solution in addition to new essential services will resolve most of the existing concerns contained in the rule change proposal.

The costs to implement may outweigh the benefits

While Alinta Energy has not undertaken a detailed analysis of the time and resources to implement, we are concerned that the costs would likely outweigh the benefits of this particular solution. This is because:

- there are already existing methods of collecting similar information;
- this proposal would require amendments to participant's outage recording and market trading systems, experience shows that this can involve significant time and cost; and

- a similar outcome can be resolved by a combination of refining current information systems and processes and continuing the market reform initiatives currently underway, such as the development of the capacity mechanism.

Thank you for your consideration of Alinta Energy's submission, should you wish to discuss this further, please contact me at jacinda.papps@alintaenergy.com.au or on 0417 065 955.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jacinda Papps', written in a cursive style.

Jacinda Papps
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Alinta Energy