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2 March 2022

Ms Jessie Foran
Australian Energy Market Commission
Submitted online to: www.aemc.gov.au

Dear Ms Foran

Submission: Enhancing Information on Generator Availability in MT PASA Consultation Paper

CS Energy welcomes the opportunity to provide a submission to the Australian Energy Market Commission's (**AEMC's**) Enhancing Information on Generator Availability in MT PASA Consultation Paper (**Consultation Paper**).

About CS Energy

CS Energy is a Queensland energy company that generates and sells electricity in the National Electricity Market (**NEM**). CS Energy owns and operates the Kogan Creek and Callide B coal-fired power stations and has a 50% share in the Callide C station (which it also operates). CS Energy sells electricity into the NEM from these power stations, as well as electricity generated by other power stations that CS Energy holds the trading rights to.

CS Energy also operates a retail business, offering retail contracts to large commercial and industrial users in Queensland, and is part of the South-East Queensland retail market through our joint venture with Alinta Energy.

CS Energy is 100 percent owned by the Queensland government.

Key recommendations

The NEM is changing and will continue to do so as it transitions to a market with more variable renewable energy (**VRE**) and an overall lower carbon footprint. The ability to effectively and efficiently manage power system security and reliability against this evolving landscape is paramount, and CS Energy supports the need to develop flexible and adaptive market and regulatory frameworks to ensure processes such as Medium Term Projected Assessment of System Adequacy (**MT PASA**) meet the requirements of the NEM from both an AEMO and Market Participant perspective.

However, in this instance CS Energy considers that the Consultation Paper overstates both the benefits and beneficiaries of the proposed rule change, given that only AEMO could

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require the information in the granularity proposed. In the event AEMO is the primary beneficiary, it raises the question of what (if any) information should be published.

Challenges

CS Energy does not consider that the Consultation Paper demonstrates sufficiently that the challenges described are material enough to necessitate the proposed rule change. However, there is scope to refine the existing processes to deliver legitimate requirements and remove duplication where possible. One area of potential duplication is the overlap between the proposed rule change and AEMO's existing process for submitting recall information of scheduled generator outages.¹

AEMO must ensure that Short Term Projected Assessment of System Adequacy (**ST PASA**) and MT PASA requirements are clearly articulated and aligned. Any outcome needs to ensure that there is no unnecessary layering or duplication of processes and reflects a comprehensive, streamlined and effective process.

1. Operational challenges

Under current arrangements, AEMO can contact power stations to enquire about their status and return-to-service time. If the proposed rule change proceeded, the information provided by participants would not supplant the need for AEMO to contact plant; while return-to-service times would be provided in good faith, they cannot be guaranteed as challenges can arise when returning a unit to service.

CS Energy seeks clarification of what is missing from the Australian Energy Regulator's (**AER**) Rebidding and Technical Parameters Guideline and Participants Rules obligations that necessitate the proposed layering of processes.

2. Coordination of outages

While generators must provide unit availability information in 'good faith' and update this information as soon as new information becomes available; it is not clear how much confidence generators will be able to place in other generators' planned outage timings, particularly given the uncertainty and long lead times associated with outage planning. The current arrangements for MT PASA reflect this – requiring 'current intentions and best estimates' not a definitive value that will not ever change.

The Consultation Paper also notes an undesirable outcome of participants failing to coordinate their plant maintenance schedules would be *"a shortage of generation units available at a particular point in time, leading to more expensive generation units being dispatched to replace them"*.² That more expensive generator units are available to be dispatched would indicate there is not a shortage of generation units that necessitates a rule change.

3. Investment signals

CS Energy seeks clarification from the AEMC that potential investors have confirmed reason codes and recall times would have a material impact on the outcome of potential replacement plant business cases. Changing circumstances both within a participant's business and in the NEM may result in that participant changing the status of a unit while it

¹ AEMO, [Procedure for Submitting Recall Information of Scheduled Generator Outages](#), November 2019, page 5

² AEMC, [Enhancing Information on Generator Availability in MT PASA Consultation Paper](#), February 2022, page 7

is offline, but it is not clear how (or even if) changes to generators' reason codes would undermine new investment (i.e. quantification of the type and size of investment that is contingent on incumbent generators' reason codes).

Conclusion

A re-examination of the challenges and purported beneficiaries is required to determine who the beneficiaries are, how material their benefits are expected to be, and how the costs to all generators providing this information would be more than offset by these benefits.

Publishing information

In the event that reason code and recall time information is not sought or would not be useful to other participants (i.e. it does not materially impact investment decisions, outage timing decisions or AER's compliance monitoring), then only AEMO would need this information for its own use. This raises the question of whether there is a case for publishing this information. A compromise might be to publish the recall time but not the code, as publishing the code may lead to public speculation that does not provide any value. AEMO must demonstrate both the value of publishing reason codes and undertake a risk assessment of publishing this information to inform the next round of consultation.

Penalties

CS Energy is concerned that the Tier 1 penalties associated with the proposed obligation may influence participants to provide recall times towards the longer end of the range of return-to-service times in order to remain compliant. This could undermine the intent of the proposed rule change and AEMO would still be required to contact power stations with units offline to determine their current expected return-to-service times.

Rules not guidelines

As noted in the Consultation Paper, the AEMC's assessment of MT PASA obligations in February 2020 concluded "*the reason for retaining a high level of prescription in the NER for MT PASA provisions is that it will give market participants more clarity regarding the MT PASA approach, and greater confidence in the quality of the outputs produced by the MT PASA process.*"³ CS Energy agrees with this position and does not consider there have been material changes in the interim that warrant the proposed move away from the current prescriptive approach to MT PASA in the NER.

CS Energy agrees with the argument forwarded in the Consultation Paper that given the Tier 1 penalties associated with the obligation, participants need certainty of what is expected of them. Accordingly, if this rule change proceeds, the obligations need to be clearly articulated and prescriptive in the NER.

Previously raised

The Consultation Paper notes the idea of having generators provide an explanation as to why a unit is unavailable and provide a recall time was raised in a rule change process in February 2020, but that AEMO considers there have been enough changes in the market since to warrant re-examination.⁴ AEMO's examples of these changes include the earlier than expected retirement of Yallourn, Mount Piper and Eraring power stations.⁵ It is not

³ AEMC, [Improving Transparency and Extending Duration of MT PASA Final Determination](#), February 2021, page 41

⁴ AEMC, [Enhancing Information on Generator Availability in MT PASA Consultation Paper](#), February 2022, pages 11-12

⁵ AEMO, [Enhancing Information on Generator Availability in MT PASA Rule Change Request](#), December 2021, page 7

clear how generators changing their expected retirement dates while remaining compliant with the current notice of closure obligations is related to or provides support for requiring generators to provide additional information within the MT PASA timescale.

Conclusion

While CS Energy supports AEMO accessing the information needed to operate and manage the system, the case has not been made to justify the proposed rule change in its current form. Further work is required to determine whether the purported challenges are material, what information is required by AEMO to inform its assessment of system security and reliability and what information (if any) should be published.

Given it appears only AEMO requires the granularity of information sought by this proposed rule change to inform its assessment of power system security and reliability, and generators are able to change their reason codes in response to changes both within their business and in market conditions, the AEMC could examine whether publishing only recall times would provide sufficient public information about generator outages.

If you would like to discuss this submission, please contact Evan Jones (Market Regulatory Manager) on 0419 667 908 or ejones@csenergy.com.au.

Yours sincerely



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