



Final determination on updating short-term PASA

The Australian Energy Market Commission (AEMC or Commission) has made a final rule to provide the Australian Energy Market Operator (AEMO) with more flexibility to update the short-term projected assessment of system adequacy (ST PASA). By introducing a principles-based framework, the final rule provides AEMO with discretion to ensure that ST PASA remains fit for purpose over time.

Context and rule change request

ST PASA is the tool that AEMO uses to forecast reliability and security conditions in the national electricity market up to seven days ahead of real time. AEMO is currently conducting a comprehensive review of the pre-dispatch PASA 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 National Electricity Rules:

- 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 information on a per unit, or dispatchable unit identifier (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 final rule

The final rule provides a specific objective for ST PASA, and introduces principles that are linked to the objective to guide AEMO as it administers ST PASA. This framework will enable AEMO and market participants to work together to decide on the appropriate information to be included in ST PASA.

In addition to the introduction of the principles-based framework for ST PASA, the final rule also:

- specifies that AEMO must publish forecasts of:
 - available capacity of individual scheduled generating plant and wholesale demand response units
 - PASA availability for individual scheduled generating units, scheduled loads, scheduled network service providers and wholesale demand response units
- specifies that ST PASA covers each 30-minute period (or such shorter period as determined by AEMO) in at least the seven trading days from and including the day of publication
- makes changes to the definition of energy constraint and PASA availability.

The final rule is consistent with AEMO's rule change request but differs from the request by:

- providing AEMO with additional discretion to administer ST PASA
- balances this additional discretion with principles to guide the use of the discretion and greater industry consultation requirements.

Benefits of the more preferable final rule

The Commission has made a rule that will facilitate the ongoing effectiveness of ST PASA as the market continues to change. The key benefits of the final rule are that it:

- **Promotes reliability and security at lowest cost** by providing AEMO more flexibility to update the inputs used, the information required from participants and the information published in ST PASA. The changes:
 - improve the ability of AEMO to assess reliability and security conditions in the NEM as the market develops, by enabling AEMO to work with market participants to decide on the relevant information to include in ST PASA
 - improve the information provided to market participants by specifying that AEMO must publish availability and PASA availability information at a DUID level, as well as enabling AEMO to include additional information following consultation with stakeholders. This will better inform the market of generation availability, and allow market participants to make better 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 final rule also requires AEMO to thoroughly consult with market participants when making changes to ST PASA and to balance the benefits and costs of requiring more information from participants. The final rule 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 which clearly references power system security. The final rule enables AEMO to adjust ST PASA to incorporate future changes to the system security regulatory framework.

Implementation

Under the final rule, the changes to ST PASA will be implemented by 31 July 2025. This is a change from the draft determination based on advice from AEMO that following a more detailed assessment, there are a number of complex issues that mean that additional time is required to implement the final rule. In addition, the final rule obligates AEMO to publish the ST PASA procedures by 30 April 2025, giving stakeholders three months to comply with the procedures before the rule commences on 31 July 2025.

For information contact:

Adviser, **Tom Meares** (02) 8296 0674

Director, **Ben Davis** (02) 8296 7851

Media enquiries: media@aemc.gov.au

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