



7 July 2022

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

Dear Ms Foran

RE: Enhancing information on generator availability in MTPASA

Shell Energy Australia Pty Ltd (Shell Energy) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) enhancing information on generator availability in Medium Term Projected Assessment of System Adequacy (MTPASA) 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 Australia¹, Shell Energy offers integrated solutions and market-leading² 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 broadly supports the AEMC's draft determination to make a rule change requiring scheduled generators to submit reason codes and recall times, when recall is available, as part of the daily MW availability they already provide in MTPASA. Shell Energy considers that this rule change is necessary given the wider context of the energy transition: the progressive retirement of thermal plants and the continued influx of variable renewable energy such as solar and wind, alongside energy limited plant such as battery energy storage systems (BESS). There is a risk that thermal generators may seek to mothball plant or use seasonal

¹By 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.



shutdowns to manage the economic and physical risks of operating ageing plants in a market environment with significant volumes of zero short-run marginal cost variable renewable generation.

In the context of the recent market suspension, which involved a number of both planned and unplanned outages, additional information in the form of reason codes and recall times could have supported other market participants to respond accordingly to the tight supply-demand balance.

Shell Energy recognises the need to provide AEMO flexibility in terms of how reason codes are designed, rather than being prescriptive at this stage. We note the AEMC's guidance that AEMO should consider ways to keep the number of reason codes to a minimum. We concur with the AEMC's view and urge AEMO to minimise the number of reason codes. A reduced number of codes -primarily designed to distinguish between physical outages (either planned or unplanned and economic outages (e.g. mothballing)), should provide sufficient information to participants and also minimise implementation costs.

The AEMC has provided clarification of the definition of a recall time as "the period in which the plant can be made available under normal conditions after a period of unavailability". We consider that the clarity the definition provides assists generators to manage their compliance obligations. Shell Energy also welcomes the AEMC's view that not all units will be required to provide a recall time. The draft rule makes clear that unit recall times are only necessary "if required by AEMO for a unit state as specified in the reliability standard implementation guidelines".³ We believe this to be an important aspect to the draft rule as it may not be possible to provide a recall time for all kinds of outages and urge the AEMC to clearly set out this requirement in the final rules.

To provide added clarity, Shell Energy recommends that the AEMC specify to AEMO that when a generating unit is on a planned or unplanned maintenance outage and has no recall time, the responsible participant would not be required to submit a recall time. Submission of a recall time should only be required where PASA availability was greater than zero.

We agree with the AEMC's rationale to require reason codes and recall times to be collected for the same 36-month timeframe that MW availability information is collected at present in MTPASA. This minimises the regulatory complexity for market participants and provides a better level of detail for the wider market.

Finally, Shell Energy remains supportive of our previous proposal to extend the reliability assessment of the MTPASA to three years. We are disappointed that the AEMC again has opted not to make a rule change in this regard based on what in effect is quite a small cost. We note AEMO's cost estimate for implementing this rule change, which involves new provisions, is \$1-2 million. Yet AEMO's cost estimate to extend the reliability assessment - an existing process - from 2 to 3 years is around \$800,000 up front. While AEMO's cost estimates remain consistent with those outlined in its submission to the 'Improving transparency and extending duration of MT PASA' draft determination in 2020 we recommend the AEMC consider the costs to industry as a whole to implement the proposed changes and suggest the costs for AEMO to roll out the third-year reliability assessment are relatively small when considered as part of the overall implementation costs across industry.

While Shell Energy is concerned about the level of implementation costs on both market participants and AEMO, we maintain that the benefits of making the third year of reliability assessments publicly available would likely exceed AEMO's costs. Improved information in the form of a third year of reliability assessment will provide benefits to both the spot market, through better ability to plan outages, and the financial contracts market where trading in the third year is increasing to promote investment.

³ Draft rule, 3.7.2 (d1)(2)



For more detail on this submission please contact Ben Pryor, Regulatory Affairs Policy Adviser (0437 305 547 or ben.pryor@shellenergy.com.au).

Yours sincerely

[signed]

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