

10 February 2022

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Australian Energy Market Commission
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Lodged electronically: www.aemc.gov.au

Dear Commissioners

**Updating Short-term PASA Rule (ERC0332) – Draft Rule Determination –
2 December 2021**

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts across eastern Australia. We also own, operate and contract a diversified energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 4,500MW of generation capacity.

The draft rule, in implementing a principles-based framework for the ST PASA, would designate existing clause 3.7.1(b) as the PASA Objective:

The PASA is a comprehensive program of information collection, analysis, and disclosure of medium term and short-term power system security and reliability of supply prospects so that Registered Participants are properly informed to enable them to make decisions about supply, demand and outages of transmission networks in respect of periods up to 2 years in advance (or up to 3 years in advance, where specified).

The key aspect of the Objective, that Registered Participants are properly informed, requires sufficient transparency of AEMO's outputs at a granular level but also of key input variables and assumptions.

Draft clause 3.7.3(k) specifies that AEMO must publish the following:

- load forecasts with a range of exceedance probabilities
- available capacity of scheduled plant and demand response units
- availability forecasts of units
- outputs of its security and reliability calculations.

In our view it is unusual that this sub-clause does not give AEMO discretion to publish additional data in line with the Objective, especially information critical to enabling participants to make efficient operational decisions. Equivalent discretion and references to the Objective are found regarding preparation of inputs and in describing "any other



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information” in the PASA procedures i.e. draft subclauses (g) and (c). When read in this way, subclause (k) appears to suggest that only the items listed constitute information that should be published in the PASA that reflects the Objective.

As the Commission would be aware, AEMO’s PASA projections are based on detailed modelling and analysis of data from various sources. Notably, the determination of ‘plant capacity’ and ‘PASA availability’ depend on a range of assumptions.

As raised in our previous submission, we believe participants need to be informed of how AEMO’s forecasts for semi-scheduled plant are dependent on assumptions for fuel and technical availabilities (outages). Transparency on outages for semi-scheduled plant is particularly important. Being able to separate out different availability assumptions would allow participants to conduct their own assessment of possible future wind and solar resources. This is important given weather forecasts can materially change over the life of each ST PASA (i.e. 24 hours) making AEMO’s projections outdated. The Commission already appears to appreciate this challenge, and that it is growing over time:

...there has been a significant increase in the penetration of variable renewable energy (VRE) generators in the NEM over the last five years. This trend is expected to continue, with VRE generators expected to compose larger portions of total electricity generated over time. VRE generators rely on variable weather conditions to generate electricity, and there is generally a non-trivial error associated with forecasting the output of these plant... As the proportion of variable renewable generation in the generation mix increases, it is important that the market has the appropriate information to consider the forecasting error associated with forecast available capacity into their decision to be available.¹

The Commission, however, should also appreciate that participants would be able to partially manage this forecast error if they are able to make more flexible use of AEMO’s data. We recommend that draft clause 3.7.3(k) include a reference to require AEMO to publish critical input assumptions in line with the Objective, and explicitly state fuel availability and plant outages as examples. Importantly, the Objective is more than simply informing participants of AEMO’s view, but enabling them to respond to system needs. Further to this point, the rules could recognise that matters identified by stakeholders during consultation on the procedures also be given due consideration.

If you would like to discuss this submission, please contact James Ley on 03 9060 0751 or james.ley@energyaustralia.com.au.

Regards

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Regulatory Affairs Lead

¹ AEMC, *Updating Short Term PASA*, Draft rule determination, 2 December 2021, p. 25.