

Purpose of report

The Australian Energy Market Commission (AEMC or Commission) is required under section 108A of the National Electricity Law (NEL) to publicly report on rules not made within 12 months of the publication of the notification of the commencement of the rule change process, including the reason why that rule was not made within the timeframe.

Background

On 10 June 2015, Snowy Hydro Ltd. (Snowy) submitted a rule change request seeking market loads greater than 30MW, which are or intend to be price responsive, to be registered as scheduled loads. Scheduled loads would be required to submit bids and follow dispatch instructions.

On 24 December 2015, ENGIE submitted a rule change request seeking to include non-intermittent non-scheduled generating units between 5-30MW in the central dispatch process through one or more of the three proposed options:

- Option 1: Reduce the threshold at which non-intermittent generating units are required to be scheduled from 30MW to 5MW. These units would be required to submit bids and follow dispatch instructions;
- Option 2: Introduce a new participant category – soft schedule generating units – that would be required to provide AEMO with their expected generation profiles but would not be required to meet the full bidding requirements or follow dispatch instructions; and
- Option 3: Require AEMO to develop a new process to prepare proxy price/volume offer bands to represent the aggregate response of non-scheduled generators.

On 18 April 2016, the above rule change requests by Snowy and ENGIE were consolidated because the issues are closely linked. A consultation paper was published on 21 April 2016 and submissions closed on 19 May 2016.

Reasons for the rule determination not being made within 12 months

On 19 July 2016 the Commission extended the timeframe for making a draft determination on the consolidated rule change request until 27 April 2017 under section 107 of the NEL. The Commission considered the extension was necessary as:

- The issues raised by the rule change proponents and stakeholders relate to various aspects of the central dispatch and settlement processes, AEMO's demand forecasting process, information requirements for market participants, and impact of emerging technologies on dispatch efficiency and system security and raise issues of sufficient complexity ;
- There are a number of options to be examined (as noted above), each of which raise complex issues requiring substantial consideration of the impacts on the market and regulatory frameworks and require detailed data analysis;
- The implications of and relationship of this rule change request to other projects currently being considered by the Commission , e.g. 5-30 minute settlement, integration of renewable energy, are being explored.

Expected timing for draft and final determination

The Commission expects to publish a draft determination on 27 April 2017 and a final determination on 20 July 2017