



Reporting of aggregate generation capacity for MT PASA

Final determination and final rule published

The Australian Energy Market Commission has made a rule that removes the consideration of network constraints from the aggregate generation capacity outputs for MT PASA.

Background: MT PASA

Under the National Electricity Rules (NER), AEMO is required to produce the medium-term projected assessment of system adequacy, or MT PASA. The MT PASA assesses the adequacy of expected electricity supply to meet demand across a two-year horizon through regular assessment of any projected failure to meet the reliability standard.

AEMO recently went through a process to redevelop the methodology used to produce the MT PASA. The new methodology adopted by AEMO probabilistically assesses the risk and uncertainties of power system operation by modelling the operation of the NEM using many different scenarios.

Issue raised by AEMO

The NER require that the MT PASA forecasting exercise produces a number of outputs, several of which report on the aggregate generation capacity of each region in the national electricity market (NEM). The NER require that AEMO consider the impact of network constraints when producing these aggregate generation capacity outputs.

The new probabilistic methodology that has been adopted for the MT PASA is inconsistent with the consideration of network constraints for these specific forecasts. The aggregate capacity that may or may not be constrained can no longer be calculated without making gross deterministic approximations of uncertain NEM attributes, which would be inconsistent with the sets of randomised system conditions used in the probabilistic modelling. Considering network constraints when calculating aggregate generation capacity may result in misleading information being provided to the market.

Final rule and Commission's reasons

The final rule amends the NER to remove the consideration of network constraints from the aggregate generation capacity outputs for MT PASA. The final rule commences on 31 May 2018. Network constraints will continue to be taken into account for other relevant MT PASA outputs.

The Commission determined that the final rule would promote efficient investment in and use of electricity services with respect to the reliability of the national electricity system. The primary reasons for this are that the final rule will improve the transparency and quality of information provided to the market through the MT PASA process, and provide regulatory certainty for AEMO when preparing the MT PASA.

The effect of the final rule is that AEMO can apply the probabilistic methodology that has been introduced for the MT PASA to all relevant MT PASA outputs. This improves the quality of the information provided to the market through the MT PASA process. For information contact:

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