

INTRODUCTION AND SUMMARY

The Energy Users Association of Australia (EUAA) is the peak body representing Australian energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing and materials processing industries. Combined they employ over 1 million Australians, pay billions in energy bills every year and are desperate to see all parts of the energy supply chain making their contribution to the National Electricity Objective. Our members are highly exposed to movements in both gas and electricity prices and have been under increasing stress due to escalating energy costs.

The EUAA supports all three aspects of the rule change as proposed by ERM Power:

- improving transparency and accuracy of generation availability data through the provision of individual generator availability data, the inclusion of committed generation in the MT PASA process and additional information on unplanned generator outages,
- improving transparency and accuracy of demand forecasts through requiring AEMO to publish an additional demand forecast, increasing the frequency of demand forecast updates and simplifying the format of published demand, and
- extending the outlook of MT PASA from two to three years with market participants required to provide information for up to three years ahead, and AEMO required to forecast information and run the MT PASA process up to three years ahead.

At a general level the transition to a lower carbon electricity market is creating a great deal of uncertainty in consumers' minds around the adequacy of generation and the costs they will bear to facilitate the transition. This uncertainty requires as much transparency as possible in the availability of market information to give all stakeholders the best information possible on which to make their various decisions.

At a specific level, the introduction of the Retailer Reliability Obligation (RRO) from 1st July 2019 and the possibility of triggering a T-3 reliability instrument in the near future, transparency in market information is even more important to all stakeholders, but particularly for smaller retailers and larger consumers as they seek to meet their obligations under the RRO rules. The current two year MT PASA does not provide the transparency around year 3. It should.

Further the current process has the risk of overestimating the level of USE, leading to unnecessary costs to consumers from RERT. Consumers have borne a very high RERT cost over the past two summers.

We don't see significant costs involved in making the changes resulting from implementing the rule change. The result will be a more efficient market and support the achievement of the NEO.

RESPONSES TO SPECIFIC QUESTIONS

1. Assessment framework

We agree with the proposed assessment framework. The proposed rule change will:

- Improve transparency and quality of the MT PASA forecasts
- Promote reliability of the NEM because of improved information transparency available to the market stakeholders to make their decisions

- The cost imposts on those providing the additional information and on AEMO in its expanded forecasting role are expected to be relatively small given implementing the rule can be achieved by modifications to the existing methodologies
- Promote regulatory certainty as more transparent, timely and longer forecasts will increase the value of MT PASA to stakeholders

2. Publication of aggregate generator availability data

We find it difficult to understand why, if generators currently provide data to AEMO at a DIUD level, this should not be published. The cost is very small and it will reduce the information asymmetry between the larger gentailers (who know their generator outage schedules) and the smaller generators.

We are not convinced by the confidentiality concerns around publishing this data. It seems the only reason larger generators might want to keep it confidential is to retain a commercial advantage over consumers and smaller generators. This is contrary to the assessment framework.

3. Accuracy and transparency of demand forecasts used in the MT PASA process

We support the requirement on AEMO to publish the P90 forecast in MT PASA. It would be simply part of improving the transparency around how AEMO does its forecasting to improve market confidence in the policy implications flowing from the forecasting. Again, given this forecast is already part of the AEMO methodology the costs of publication would be minor.

4. Frequency of demand response update

The rapid changes underway in the NEM, and its need to respond to these changes, mean that more frequent demand forecasting is essential to inform the market and improve its operating efficiency. More timely demand forecasts will aid in more accurate forecasting of USE and RERT requirements. We support the frequency (monthly) and metrics (three month weather conditions) proposed by ERM.

5. Transparency and ease of use of demand data

The EUAA finds the current reporting of demand data very confusing. We commented on this in our recent submission to the Commission on the definition of unserved energy.¹ We support ERM's proposal that AEMO publish MT PASA demand forecasts in the same format as real time actual demand. Any measure to break down barriers in consumer understanding of what is happening in the market should be welcomed.

6. Transparency of forced outage rates

Again lack of transparency on this matter is an issue preventing consumers properly understanding what is going on in the market. We support ERM's proposed solution around provision of information on adjusted minimum and maximum aggregate scheduled generation availability.

7. Inclusion of intending generation in MT PASA output

We support the inclusion of committed generation and ERMs proposed solution.

¹ See <https://www.aemc.gov.au/market-reviews-advice/definition-unserved-energy>

8. MT PASA outlook

We support the extension of MT PASA to three years, particularly in the context of the RRO where two years is inadequate. Extending it to three years will increase the overlap with the ESOO which we think will aid the market in achieving a more efficient outcome.

Please contact me if you would like to discuss this submission further.

Sincerely,



Andrew Richards
Chief Executive Officer