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Friday, 16 August 2019

John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235



Dear Mr Pierce,

SUBJECT: ERC0270 Reporting of aggregate generation capacity for MT PASA

Macquarie Group Limited (**Macquarie**) welcomes the opportunity to provide this submission to the Australian Energy Market Commission's (**AEMC**) consultation on changes to the MT PASA.

Macquarie considers that it is important for the Australian Energy Market Operator (**AEMO**) to be able to prepare the MT PASA so that it is as effective and relevant for participants as possible.

Macquarie also considers that the MT PASA could be further improved by introducing greater transparency about the availability of individual generating units. We are supportive of refinement to the MT PASA process. Our detailed answers with respect to the rule change proposed in the AEMC Consultation Paper with reference ERC0270 are below.

Macquarie's participation in the Australian energy sector

Macquarie participates in the energy industry in various capacities as principal and in support of clients, including as: an electricity retailer to very large energy users such as industrial and manufacturing operations and market participant in the National Electricity Market (**NEM**); a financier for, and investor in, and developer of, renewable energy assets and infrastructure behind and in front of the meter; and a financial intermediary and provider of over-the-counter electricity derivatives products in the electricity contracts market as well as a major clearing broker for ASX electricity futures contracts.

Question 1: Assessment framework

Macquarie agrees that improving transparency and quality of information, cost minimisation, promoting reliability and providing regulator certainty should constitute the assessment framework when considering rule changes.

Question 2: Publication of aggregate generator availability data

Publication of aggregate generator availability data

- (a) Macquarie believes that providing generator availability at the aggregate level in the MT PASA does create issues. Macquarie is of the view that the exclusion of DUID availability in the MT PASA potentially leads to indirect and direct costs, reliability issues and less transparency. Further, Macquarie supports the MT PASA including published DUID availability as it may enable generators to more efficiently schedule outages in light of unit availability and that this may promote better reliability and lower costs going forward. In addition, Macquarie believes that the increased granularity promotes information transparency and will allow market participants to readily identify availability risks.
- (b) Macquarie supports the rule change requested by ERM Power that AEMO be required to include individual scheduled generating unit availability data (generator full and partial outage plans), not just aggregating generation availability for each region in the MTPASA outputs. Macquarie believes this rule change will lead to improved transparency for all market participants by removing information asymmetry and may potentially lead to lower direct and indirect prices for end consumers as generators are more effectively able to plan generator outages and assess potential market reliability impacts.

Question 8: MT PASA outlook

- (a) Macquarie believes the MT PASA duration of two years is insufficient.
- (b) Macquarie supports the rule change request to extend the duration of the MTPASA timeframe from two years to three years. Macquarie believes that the longer duration MTPASA would potentially allow participants better data to assess the supply-demand balance over the medium-term horizon, understand the closure profile of retiring generation units and promote better signals for new supply investment or demand management in the medium-term timeframe.

Yours sincerely,



Byron Den Hertog

Executive Director, Commodities and Global Markets

Disclaimer

This document is provided for the sole purpose the submission (**Submission**) of Macquarie Group Limited (**MGL**) to the Australian Energy Market Commission (**AEMC**) in response to its consultation paper titled "National Electricity Amendment (Improving Transparency and Extending Duration of MT PASA) Rule 2019" (dated 18 July 2019) (**Consultation Paper**). This Submission may be used by the AEMC as necessary to consider the Submission in relation to the Consultation Paper and may be published by the AEMC as part of its consultation process. MGL retains copyright in the Submission and the Submission may not otherwise be reproduced, distributed or transmitted, in whole or in part, without the prior written consent of MGL. While information in the Submission has been prepared based on sources believed to be reliable, Macquarie Group Limited and its worldwide affiliates and subsidiaries (**Macquarie**) make no representation or warranty to any person as to the views and information in the Submission, including as to their reliability, accuracy or suitability for a specific purpose. The information and views in the Submission may be subject to change. The views and information in the Submission should not be relied upon as either independent or objective from the interests of Macquarie and associated personnel. To the extent permitted by law, Macquarie accepts no liability (in negligence or otherwise) for any loss or damage resulting from the use of the Submission, whether in whole or in part, or relating to any error in the information provided. The Submission does not include recommendations or advice specifically tailored for the needs of any particular person or entity and should not be construed as professional advice. Any reliance on the Submission, whether in whole or in part, is entirely at a person's or entity's own risk.

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