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Australian Energy Market Commission
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Submitted by email to aemc@aemc.gov.au

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Improving transparency and extending duration of MT PASA Consultation Paper

Snowy Hydro Limited welcomes the opportunity to comment on matters raised in the Consultation Paper from the Australian Energy Market Commission (the Commission) on Improving transparency and extending duration of MT PASA.

Snowy Hydro Limited is a producer, supplier, trader and retailer of energy in the National Electricity Market ('NEM') and a leading provider of risk management financial hedge contracts. We are an integrated energy company with more than 5,500 megawatts (MW) of generating capacity. We are one of Australia's largest renewable generators, the third largest generator by capacity and the fourth largest retailer in the NEM through our award-winning retail energy companies - Red Energy and Lumo Energy.

Snowy Hydro welcomes the proposed changes to the Medium Term Projected Assessment of System Adequacy (MTPASA) and believe transparency is important in determining market confidence with forecasts and modelled assumptions presented in a way that is clearly identified and consistent with the Electricity Statement of Opportunities (ESOO). It is therefore important that AEMO align forecasting techniques with other forecasting responsibilities such as the ESOO.

The rule change improves transparency and accuracy of the MT PASA. From the Consultation Paper proposed changes to the MT PASA, Snowy Hydro supports the following:

- introducing an additional demand forecast
- increasing the frequency of demand forecast updates
- simplifying the format of published demand
- including more information about forced (unplanned) outage rates
- including committed generation
- extending the outlook to three years.

We do not feel that publishing scheduled generating unit availability is needed. This information can already be deduced by analysis of the current, aggregated information. However, if such information is required the logic of this proposal demands that loads over 5MW are similarly required to be published. Failure to do so would increase the asymmetry of information, which is inconsistent with the objectives of this proposal. Publishing this data would align with AEMO's position that batteries of 5 MW have the potential to impact power system security, and that a battery must be registered in the NEM and treated as a

scheduled participant. It is important that all approaches are competitively neutral, do not advantage one technology over another and support a transparent approach that aids price discovery.¹

The proposed MT PASA changes are important as AEMO's work will be heavily relied upon for decision-making. This will increase confidence in the forecasts if there is opportunity to input into the process. We appreciate the effort AEMO has recently undertaken in developing its forecasts and consulting with industry.

Extending the outlook to three years

The reliability forecasts are a critical input to trigger obligations under the Retailer Reliability Obligation (RRO). As the electricity system continues to transform it is likely that there could be increased errors in forecasting making it harder for participants to depend on these forecasts to make long term investment decisions. It is important that AEMO's MT PASA methodology improve its assessment of forecasts over a three year horizon which can better capture the impacts of intermittent generation on supply adequacy for the purposes of the RRO. We therefore support the proposal to increase the MT PASA to three years.

Improving demand forecast and committed generation

Snowy Hydro believe AEMO's small generation and demand forecasts will need to improve in accuracy as they become crucial in the NEM's transformation. The increasing number of smaller individual generating units, aggregated distributed generators and demand response should be managed by AEMO, along with how a reduced level of scheduled generation will impact AEMO's ability to operate the NEM reliably.


There are numerous ongoing rule changes improving forecasting that will complement the proposed MT PASA changes. Under the Commission's draft determination to implement a wholesale demand response mechanism (DRM), scheduled Demand Response Service Provider (DRSP)s will be required to provide MT PASA inputs applying to the wholesale demand response units². Snowy Hydro understands the significant changes required by AEMO to incorporate this but believe it is vital that demand side response is transparent and accountable.

In addition, the Commission's Transparency of New Projects rule change proposes to give AEMO a central repository of existing and proposed projects. This will require intending participants to provide updated information to AEMO such as when their projects change.

It is for this reason Snowy Hydro supports the complementary proposals on the MT PASA. This includes AEMO updating forecast demand information on at least a monthly basis and being required to provide a preliminary classification of a committed generating unit, to be defined by AEMO in the Reliability Standard Implementation Guidelines (RSIG), as one of a scheduled generating unit, a semi-scheduled generating unit or a non-scheduled generating unit following consultation with the generating unit project proponent. This enhancement

¹ AEMC, Wholesale demand response mechanism, Draft rule determination, 18 July 2019

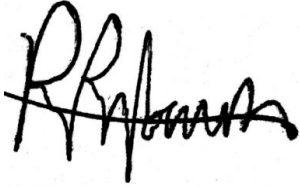
² AEMC, Wholesale demand response mechanism, Draft rule determination, 18 July 2019



to the MT PASA will increase accuracy, reliability and transparency of market data including pre-dispatch.

Snowy Hydro appreciates the opportunity to respond to the Consultation Paper and any questions about this submission should be addressed to me by e-mail to panos.priftakis@snowyhydro.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Priftakis', with a horizontal line drawn through the middle of the signature.

Panos Priftakis
Regulation Manager
Snowy Hydro

