



Draft determination on transparency and duration of MT PASA

AEMC invites submissions on the draft determination

The Australian Energy Market Commission (AEMC) has made a more preferable draft rule to amend the medium-term projected assessment of system adequacy (MT PASA). The draft rule, if made as a final rule, improves transparency of the MT PASA process, reduces asymmetry of generation availability information in the market, and extends the MT PASA duration to three years. These changes will better inform the market at a granular level on projected assessments of reliability out to three years, and will likely result in participants making more effective and efficient decisions in how they interact with the market.

Background

The MT PASA is a key part of the reliability framework in the NEM. It is one component of the information that AEMO must publish to inform the market of prevailing and forecast conditions, and when reserves may be running low, to elicit a market response. Providing information to the market helps market participants make operational and investment decisions with respect to reliability and also helps AEMO manage the power system.

Rule change request

On 31 March 2019 the Commission received two rule change requests from ERM Power which relate to the MT PASA. As both rule change requests sought changes to the MT PASA process, the Commission consolidated these requests into one to best address any overlapping issues and facilitate efficient stakeholder engagement.

ERM Power's consolidated rule change request sought changes to the MT PASA in the following main areas:

- changes aimed at 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
- changes aimed at 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
- changes to **extend the outlook of MT PASA** from two to three years, i.e. market participants would be required to provide information for up to three years ahead, while AEMO would be required to forecast information and run the MT PASA process up to three years ahead.

The July 2019 consultation paper set out a range of questions for the purpose of seeking stakeholder feedback on the benefits, costs and the solutions proposed by ERM Power.

Key features of the draft determination

The key features of the more preferable draft rule are that it will provide the market with:

- generation availability of individual scheduled generating units
- an extended MT PASA outlook horizon from two to three years

- a maximum and minimum aggregated scheduled generating availability, adjusted for forced outage assumptions
- transparency of intending generation included as an MT PASA input
- published actual demand and forecast demand in the same format ('as generated')
- a requirement on participants to provide MT PASA inputs that represent their current intentions and best estimates.

The key differences between the more preferable draft rule and the proposed rule are that the Commission has:

- made AER's proposed change to require participants to provide MT PASA inputs that represent their current intentions and best estimates
- not made the proposed draft rule for:
 - publishing an additional daily peak demand forecast of 90POE
 - requiring a more frequent update to AEMO's demand forecast.

Benefits of the more preferable draft rule

The Commission is satisfied that the more preferable draft rule will, or is likely to, better contribute to the achievement of the NEO. In the context of the assessment framework, this is because the draft rule is likely to:

- **improve transparency and quality of information:** The draft rule provides for greater transparency and quality of generation information over a longer period, and formalises through the NER AEMO's approach to including intending generation in forecast generation availability. These changes will better inform the market of generation availability, and allow participants to make better-informed decisions regarding scheduling planned maintenance, entry of new supply and contracting.
- **promote reliability of the power system:** The draft rule allows participants to make better informed decisions in relation to scheduling planned maintenance, including for the two to three year time horizon, and may better-inform investment decisions in new supply or demand response options. In particular, the draft rule may improve market liquidity and market confidence. This is likely to give participants a greater opportunity to respond to a T-3 reliability event triggered through the Retailer Reliability Obligation (RRO). It may improve the reliability of the system through earlier notice to the market and the ability to respond and reduce forecast unserved energy (USE) eventuating.
- **minimise direct and indirect costs:** The draft rule allows participants to access more granular and more accurate information, at the same level as other participants, and without a disparity in resources and costs to do so. The draft rule increases transparency and quality of information which allows participants to make better informed and efficient decisions, particularly in relation to scheduling units outages. This may reduce the likelihood of USE and result in more efficient Reliability and Emergency Reserve Trader (RERT) procurement, which may reduce costs passed through to consumers.
- **provide regulatory certainty:** The draft rule improves clarity regarding MT PASA inputs and outputs. In particular, it formalises through the NER how AEMO include intending generation in the reliability assessment, and aligns the format of published demand forecasts and actuals. This may provide participants with greater confidence in assessing the MT PASA outputs and allows them to make better-informed decisions.

Consultation

The Commission welcomes submissions on this draft determination and the more preferable draft rule. The Commission notes the Wholesale demand response mechanism draft rule proposes amendments to the MT PASA rule and the final rule determination will be published on 5 December 2019. To allow stakeholders to consider both the Wholesale demand response mechanism final rule determination and this draft determination, submissions to this draft rule determination are due by **9 January 2020**.

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