



Semi-scheduled generator dispatch obligations

Draft determination and draft rule

On 19 November 2020 the Australian Energy Market Commission (AEMC or Commission) made a draft determination and draft rule regarding semi-scheduled generator dispatch obligations. The draft rule requires semi-scheduled generators to meet a dispatch target, subject to the availability of their natural resource. The Commission is inviting submissions on its draft determination by 14 January 2021. This draft determination has been fast-tracked following extensive consultation undertaken by the AER.

The Commission's draft determination and rule

The Commission's draft determination addresses the system security and market efficiency risks from semi-scheduled generators curtailing generation in response to market prices without rebidding or waiting for an updated dispatch instruction from AEMO.¹

The Commission's draft determination is to make a draft rule as proposed by the AER in its rule change request, with some clarifications. The draft rule specifies that:

- A dispatch instruction to a semi-scheduled generator in a:
 - non semi-dispatch interval will be in the form of a megawatt (MW) target for the end of the dispatch interval
 - semi-dispatch interval will retain the existing output cap expressed in MW.
- During non-semi dispatch intervals semi-scheduled generators would be able to generate above and below the target, where the deviation is due to natural resource variability.
- During a semi-dispatch interval, the generator's output should be the lower of the:
 - generator's output cap specified by AEMO, and
 - generator's output as determined by its resource availability in that dispatch interval.

The Commission's draft rule has the effect of requiring semi-scheduled generators to follow their available resource except during semi-dispatch intervals, when output should be limited to the cap specified by AEMO. This rule effectively prohibits large and rapid deviations from dispatch instructions and aligns requirements for semi-scheduled generators with those applying to scheduled generators while also providing flexibility to account for natural resource variability.

Background

On 24 September 2020, the Australian Energy Regulator (AER) made a request to the AEMC to make a rule regarding semi-scheduled generator dispatch obligations. The rule change request proposed to clarify that the output of a semi-scheduled generating system must follow the MW dispatch target specified by AEMO. During non-semi dispatch intervals semi-scheduled generators would be able to generate above and below the target, where the deviation is due to natural resource variability. During a semi-dispatch interval, the generator output should be the lower of the generator's output cap specified by AEMO, and the generator's output as determined by its resource availability in that dispatch interval.

¹ Semi-scheduled generating systems are those with a rating of 30MW or greater where the output of the generating unit is intermittent, generally involving solar or wind generation.

² A semi-dispatch interval is triggered when a network constraint or a dispatch offer results in a semi scheduled generator receiving a dispatch target less than the forecast based on the available resource.

The AER's rule change request follows an observation that some semi-scheduled generators have been departing significantly from their dispatch instructions, to an extent far in excess of plausible variations in their resource, and unrelated to existing exceptions provided for in the rules. These generators have rapidly reduced their output to zero during negative price dispatch intervals without an instruction from AEMO or valid rebid. The rules as currently drafted do not prevent semi-scheduled generators from engaging in such behaviour.

The AER identified significant emerging system security implications from this behaviour, and considered its rule change request is in the long-term interest of consumers as it "enhances security of the supply of electricity and reduces the cost for services dispatched by AEMO to manage power system security, particularly as penetrations on intermittent generation in the NEM increase."

The rule change request is being fast-tracked as the AER consulted with the public on the nature and content of the rule change request before submitting it to the Commission, and the Commission is satisfied that their consultation was adequate, having regard to the nature and content of their request and the kind of consultation conducted.³ A fast tracked rule change progresses directly to a draft determination without publication of a consultation paper.

This rule change progresses one of the ESB's interim security measures that aim to improve outcomes while more fundamental reforms are designed and implemented through the ESB's 2025 market design process, of which the AEMC is a part.

Next steps

The Commission invites submissions on the draft determination and draft rule by **14 January 2021** via the AEMC website.

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³ Information on the public consultation undertaken by the AER can be found at: <https://www.aer.gov.au/publications/reviews/semi-scheduled-generators-proposed-rule-changes>