



10 March 2022

Ms Jessie Foran
Project Leader
Australian Energy Market Commission
GPO Box 2603
SYDNEY NSW 2000

Submitted via website: www.aemc.gov.au/contact-us/lodge-submission

Dear Ms Foran

ERC0338: Enhancing information on generator availability in MT PASA

Stanwell Corporation Limited (Stanwell) welcomes the opportunity to respond to the Australian Energy Market Commission's (the Commission) Rule Change Consultation Paper: Enhancing information on generator availability in MT PASA, initiated by the Australian Energy Market Operator (AEMO).

Stanwell acknowledges the work of AEMO in preparing the Rule change request and thanks the Commission for the opportunity to provide a response to its Consultation Paper.

This submission contains the views of Stanwell and should not be construed as being indicative or representative of Queensland Government policy.

Stanwell is a major provider of electricity to Queensland, the National Electricity Market (NEM) and large energy users throughout Australia. While providing reliable and affordable energy for today, we are exploring new generation and storage technologies that will help reduce emissions, while also ensuring Queensland electricity supply remains secure and reliable.

Stanwell supports efforts to efficiently provide meaningful information to the market in relation to the expected availability of resources in the NEM. We do not consider this specific Rule change request achieves that goal at this time.

MT PASA must be viewed both as part of an existing suite of reporting, and a likely part of future reporting in addressing the needs of both capacity markets and operational arrangements.

The rule change request appears to duplicate elements of existing reporting without consideration of the ongoing need for that reporting, as well as introduce structures likely to be made redundant by the proposed introduction of capacity and operational reserve markets.

The rule change if made, appears likely to incur implementation costs for functionality quickly superseded and for little benefit.

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Current generator reporting obligations

PASA is one of many existing reliability frameworks and tools currently used to manage supply and demand and encourage market stability within the NEM. In many cases these tools place reporting obligations on generators to provide certainty to the market on generation availability, operating regimes, maintenance schedules, prevailing forecast conditions, and reserve levels.

The current reporting obligations on generators include the following:

- Unit availability and the impact of potential energy constraints on supply adequacy is reported under AEMO's Energy Adequacy Assessment Projection (EAAP). This tool provides a two-year outline of resource availability to complement reporting provided in MT PASA.
- The Generator Energy Limitation Framework (GELF) supports the EAAP by requiring generators to inform AEMO of "...any scenario that AEMO reasonably considers has a material impact on the EAAP."¹
- Advice on when a unit is offline or unavailable on days where there is a lack of reserve through the Generator Recall Portal.
- Summer readiness reporting to AEMO on asset generation availability through physical plant or fuel risks, or other circumstances that may materialise during a summer peak period. This information is available through the Summer Readiness Report to market participants.²
- Annual reporting to AEMO on availability, including scheduled and semi-scheduled generation capacities. This information is publicly released on the AEMO website.³
- Other reporting requirements such as statutory obligations to notify AEMO of closure dates, ensure the market is aware of generator medium to long-term availability.

While these existing reporting obligations are used for different purposes, Stanwell considers the additional MT PASA reporting obligations being proposed by AEMO duplicate much of the already reportable short, medium, and longer-term information, and provides little additional benefit to generator resource planning. For example,

- Seasonal variations in supply and demand are well understood allowing for most planned outages to have limited effect on the market, whereas short-term variations (such as cloudy days or "wind droughts") are likely to be relevant to the pre-dispatch or ST PASA timeframes rather than MTPASA; and
- Generator closures must be either announced prior to MT PASA first being published for a period or publicly approved by the AER, meaning this information should be well understood by participants.

In our opinion, the proposed rule change will place an additional, and unnecessary regulatory burden on generators, the costs of which would likely be passed on to consumers.

¹ Australian Energy Market Operator 'Guide to Generator Energy Limitation Framework (GELF) Declarations: Energy Adequacy Assessment Projections (EAAP) Version 2, ELECMARKDEV-9-424, 2014.

² See the Australian Energy Market Operator's website at [AEMO | Summer operations 2021-22](#).

³ See the Australian Energy Market Operator's website at [AEMO | Generation information](#).

Role and limitations of MT PASA

PASA operates as a transparent reporting mechanism to provide visibility around generator availability for up to a three-year period.

It essentially “picks up” from the 42-month generator notice of closure requirement and “hands off” to the ST PASA process around a week ahead of dispatch.

It also runs parallel to the reporting schemes identified above in that a generator may have reported availability at a seasonal level but not meet the requirements to be “PASA available” for a particular period within that season – primarily the requirement to be available within 24 hours.

It is this distinction the rule change request appears to be trying to address, rather than the purported “*to implement enhancements to existing generator exit mechanisms to provide greater transparency of generator availability*”.

As identified above, generator exit (closure) must either be identified at least 6 months prior to the first publication of MT PASA for a period or publicly and explicitly approved by the AER on the grounds that it is either unavoidable (e.g., technical failure), or does not impact reliability. In either case the proposed changes to MT PASA offer no compelling benefits.

For generators which are not “PASA available” but could be made available with a lead time greater than 24 hours, it is questionable whether MT PASA would be the appropriate place to reflect this. For operational decisions pre-dispatch and/or ST PASA is more likely to be used, whereas for investment decisions it is unlikely to matter whether a unit is available on 25 hours’ notice or 3 or 7 days – unless such a distinction is material to the proposed capacity mechanism. Until that mechanism is designed the proposed changes offer no compelling benefits. Please see out suggested alternatives below.

For generators which are “PASA available” but may expect to be offline for portions of the day (e.g., storage, gas peakers, or 2-shifting coal units), neither the current, nor the proposed MT PASA data sets will provide any detail of such intra-day operation. We suggest that neither operational nor investment decisions are likely to be improved by this rule change.

Alternative options

As previously noted, we believe there is currently an array of existing reporting tools which provide sufficient information on generator availability, compliance, capacity, and reserve issues to the market and AEMO. In light of this we suggest the following options as alternatives to the proposed Rule change as a way to improve efficiency, lessen the regulatory burden on generators, and improve outcomes for consumers:

1. Defer the proposed rule change until clarity is available with regard to the design of the proposed capacity mechanism, operational reserve, and essential system services arrangements.
2. If the rule change progresses, consolidate, or replace existing obligations where reportable information is duplicated. This could occur through a single reporting requirement and a supporting, comprehensive framework. In our opinion, having a single reporting tool would lessen the regulatory burden on generators, and overall, provide a more efficient reporting system. We appreciate this may not be a simple process, and we would be pleased to engage in any consultation that may be required.
3. Implement an alternative mechanism targeted at providing more information on standby modes, potentially relating to ST PASA rather than MT PASA.

4. While it is not our preference, we suggest that in the event recall times and reason codes are included in MT PASA, we recommend simplifying the codes to lessen the regulatory burden and increased workload on generators, lessen the likelihood of non-compliance, improve efficiencies, and improve outcomes for consumers.

Reporting beyond the medium-term

The Rule change request essentially proposes PASA be utilised for longer-term decision-making of generator availability beyond the medium-term. Stanwell believes providing longer-term availability information through a medium-term tool is not likely to adequately address supply and demand issues beyond a three-year term.

It is our view a rolling three-year window will not provide the appropriate visibility for future project planning or system reliability beyond a three-year period. We question the benefit of using MT PASA to identify and address potential longer-term issues.

The practical application of reason codes and recall times

Level of prescription

The sample recall times and reason codes provided in the Consultation Paper appear overly complicated.

It is Stanwell's view that requiring generators to nominate whether an outage is either planned or unplanned is largely immaterial for the purposes of PASA and identifying generator availability. In particular, unplanned outages are likely to be identifiable as those appearing in MT PASA (if at all) only after they have commenced.

Similarly, it does not appear relevant whether a unit is "active – reserve shutdown, inactive – planned shutdown, or deactivated – mothballed", but rather whether the unit can be brought into service and what lead time is required.

The sample codes provided are also silent on whether partial deratings would require a reason code and/or additional reporting. Similarly, the proposed change only deals with the recall of offline units, not the potential to defer a planned outage.

In our opinion, MT PASA provides adequate visibility for medium-term system planning and investment purposes, noting the proposed additions of a capacity market to assist long-term planning, and multiple new markets to assist short-term management. In our view, we see no reason why MT PASA would not continue to do so in its current form until those other mechanisms are designed.

If implemented for generator recall, it is only then that the status codes should be reduced to two or three (available, partially available, unavailable), and the recall options also limited to three (as scheduled, [x] days, no recall possible).

Recalling units

While AEMO currently have the power to direct generating units on, Stanwell is not aware of any such directions occurring in the MT PASA timeframe, with the possible exception of multi-day directions for system strength management in South Australia.

AEMO typically issue lack of reserve notices and encourage voluntary market response until they reach a "latest time to respond" which is typically within the pre-dispatch timeframe.

Regardless, the rule change request appears to envisage such directions occurring in the MT PASA timeframe in the future, raising several questions including:

- How will decisions be made by AEMO to recall an asset and which asset(s)?
- Is there an order of priority or set of criteria for selecting how and when an asset is recalled noting several assets may be in flexible operating mode and have a recall time of 36-48 hours?
- What are the potential financial implications (whether penalties or compensation) for asset recall where timing does not exactly match published information or the reason for the recall does not come to pass?
- How would the recall mechanism integrate with existing AEMO backstop powers – particularly short-term RERT?

Further information is needed to understand how this process would work in practice, and the potential impacts it may have for generators. Understanding this process would by extension, assist generators in limiting any subsequent costs being passed on to consumers.

This same question appears relevant to the design of a capacity mechanism, supporting Stanwell's view that this rule change provides little benefit until the proposed capacity mechanism design is well advanced.

Investment decisions

Substantial timeframes are required to assess, fund, and develop energy generation and reliability resources. It is our opinion that while short to medium term reporting tools may provide some information for investment, it is more likely investors would look to longer term reporting prior to committing substantial resources to investment based on information obtained through PASA.

In our view, the addition of recall times and reason codes in MT PASA would be unlikely to alter investment signals to the market given the difference in timeframes.

Conclusion

Stanwell acknowledges the role of PASA in providing availability and capacity information to the market. Any updates to reporting tools and obligations should consider whether the changes provide efficiencies, are fit-for-purpose, are not unnecessarily burdensome, and can deliver benefits for consumers.

Based on our assessment of the information provided in the Consultation Paper, we are of the opinion the proposed Rule change does not provide sufficient added benefits for reporting requirements, efficiencies, investment decisions, or improved practice to warrant the implementation cost at this time.

We suggest efficiencies can be achieved through a consolidation of reporting tools and processes that will aid a more streamlined approach to informing the market and reporting generator availability.

Stanwell appreciates the opportunity to contribute to the Commission's consultation process and we welcome further discussion on the matters outlined in this submission. Please contact Lya McTaggart on 07 3228 4129 or by email at Lya.McTaggart@stanwell.com.

Yours sincerely

Ian Chapman

A handwritten signature in blue ink, appearing to be 'I. Chapman', with a long horizontal flourish extending to the right.

Manager Market Policy and Regulatory Strategy