



Australian Energy Market Commission

CONSULTATION PAPER

National Electricity Amendment (Transparency of Operating Data) Rule 2009

Rule Proponent

Australian Energy Market Operator

13 November 2009

**RULE
CHANGE**

This Consultation Paper was prepared by the staff of the Australian Energy Market Commission to facilitate public consultation on the Rule change proposal and does not necessarily represent to the reviews of the Commission or any individual Commissioner of the Australian Energy Market Commission.

Inquiries

The Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

E: aemc@aemc.gov.au

T: (02) 8296 7800

F: (02) 8296 7899

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About the AEMC

The Council of Australian Governments, through its Ministerial Council on Energy, established the Australian Energy Market Commission (AEMC) in July 2005 to be the Rule maker for national energy markets. The AEMC is currently responsible for Rules and policy advice covering the National Electricity Market and, from 1 July 2008, concerning access to natural gas pipeline services and elements of broader natural gas markets. It is a statutory authority. The AEMC's key responsibilities are to consider Rule change proposals, conduct energy market reviews and provide policy advice to the Ministerial Council as requested, or on AEMC initiative.

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Abbreviations

AEMC	see Commission
AEMO	Australian Energy Market Operator Limited (ACN 072 010 327)
Commission	Australian Energy Market Commission
DPRG	The Dispatch and Pricing Reference Group convened by AEMO
NEM	National Electricity Market
NEMMCO	National Electricity Market Management Company Limited (now AEMO)
NEM Operating data	Actual generation data for each scheduled generating unit, semi-scheduled generating unit and non-scheduled generating unit or non-scheduled generating system; actual network service for each scheduled network service; and actual load for each scheduled load.
NGF	The National Generators Forum
Rules	National Electricity Rules
Timetable	The spot market operations timetable under clause 3.4.3 of the Rules.

1. Introduction

On 30 October 2009, the Australian Energy Market Operator Limited (AEMO) submitted a Rule change proposal to the Australian Energy Market Commission (AEMC). This Rule change proposal is seeking to modify AEMO's requirements under the National Electricity Rules (Rules) to publish the NEM operating data.

For the purpose of this Consultation Paper, "NEM operating data" refers to: actual generation data for each scheduled generating unit, semi-scheduled generating unit and non-scheduled generating unit or non-scheduled generating system; actual network service for each scheduled network service; and actual load for each scheduled load.

The proposed Rules require AEMO to publish the NEM operating data in dispatch time (that is, near real time every five minutes).

Currently, the Rules:

- require AEMO to publish details relating to actual generation for each scheduled generating unit and semi-scheduled generating unit for each trading interval and dispatch interval on the next trading day;
- require AEMO to publish details relating to actual generation for each non-scheduled generating unit or non-scheduled generating system for each trading interval on the next trading day;
- require AEMO to publish details relating to actual network service for each scheduled network service for each trading interval on the next trading day;¹
- do not require AEMO to publish details relating to actual load for each scheduled load.

This Rule change proposal is likely to be of interest to:

- AEMO;
- the National Generators Forum (NGF);
- Market participants, especially those whose details are being published under the publishing requirements AEMO is seeking to modify under this Rule change proposal;
- The Australian Energy Regulator (AER); and
- any party who uses the NEM operating data.

¹ That is, the requirement to publish inter-regional flows under clause 3.13.4(n) of the Rules.

This Consultation Paper was prepared by staff of the AEMC to facilitate public consultation on the Rule change proposal. It does not represent the views of the Commission or any individual Commissioner, and is intended to be read in conjunction with the Rule change proposal document.

The Consultation Paper:

- sets out background information relevant to the Rule change proposal;
- summarises, at a high level, AEMO's proposed changes to the Rules;
- sets out possible consequential changes to the Rule; and
- sets out some questions that stakeholders are encouraged to consider when preparing their submissions.

2. Background

2.1 AEMO's requirement to publish spot market information

Clause 3.13.4 of the Rules requires AEMO to publish spot market information. The provisions of clause 3.13.4 that are relevant to the Rule change proposal are:

- Clause 3.13.4(q)(1) of the Rules, which requires AEMO to publish the following details:
 - actual generation for each scheduled generating unit² and semi-scheduled generating unit³;
 - dispatched generation for each scheduled generating unit and semi-scheduled generating unit;
 - dispatched network service for each scheduled network service;⁴ and
 - dispatched load for each scheduled load⁵.

² A generating unit with a nameplate rating of 30 MW or greater (or a group of generating units connected at a common connection point with a combined nameplate rating of 30 MW or greater) unless classified otherwise in accordance with clause 2.2.2 of the Rules.

³ An intermittent generating unit with a nameplate rating of 30 MW or larger (or is part of a group of generating units connected at a common connection point with a combined nameplate rating of 30 MW or greater) unless classified otherwise in accordance with clause 2.2.7 of the Rules.

⁴ Under the current state of the NEM, this refers to the interconnector flow data for the unregulated interconnector. Basslink Pty Ltd is the only unregulated interconnect at present (see AEMO's Registration and Exemptions List, 28 October 2009, <http://www.aemo.com.au/registration/registration.html>).

⁵ A market load that has been classified as a scheduled load at a market customer's request. A market customer is a customer who meets the requirements under clause 2.3.4(e) of the Rules.

- Clause 3.13.4(r) of the Rules requires AEMO to publish details relating to actual generation for each non-scheduled generating unit⁶ or non-scheduled generating system⁷.
- Clause 3.13.4(n) of the Rules requires AEMO to publish, among other things, the inter-regional flows (that is, interconnector flows).

These current Rule provisions require the AEMO to publish the above details daily for each trading interval (and dispatch interval in some cases) of the previous trading day.

In addition to the above Rule requirements, AEMO must publish the information detailed in those Rules in accordance with the spot market operations timetable under clause 3.4.3 of the Rules (Timetable).

If AEMO wishes to change the Timetable, it must consult on proposed changes using the Rules consultation procedure under clause 8.9 of the Rules.

2.2 Issues with the data publishing requirements

In accordance with the Rules and the Timetable, AEMO does not publish the spot market information referred to above until the next trading day.

AEMO, however, understands that estimated power line flow and power station output data is available for purchase in dispatch time from third party private companies. AEMO understands that this data is estimated using a technology which remotely senses power line flows, and the estimation “does not rely on market information provided by AEMO”⁸.

AEMO considers that this arrangement is likely to increase information asymmetries and costs burdens in the NEM.

In addition, the NGF requested NEMMCO (now AEMO) to “publish actual scheduled data of power stations in dispatch time to increase spot market data transparency”⁹.

⁶ A generating unit with a nameplate rating of less than 30 MW (not being part of a group of generating units classified under clause 2.2.2 of the Rules) unless classified otherwise in accordance with clause 2.2.3 of the Rules.

⁷ A system comprising non-scheduled generating units.

⁸ As advised by the Dispatch and Pricing Reference Group (DPRG), see Rule change proposal, page 3.

⁹ Rule change proposal, page 2.

3. AEMO's proposed Rule change proposal

It should be noted that AEMO is not seeking to change the publication timing for details relating to dispatched generation, dispatched network service or dispatched load.

Rather, AEMO is seeking to modify the publication timing for details relating to actual generation and actual network service for scheduled network service¹⁰. In addition, AEMO is proposing changes to the Rules to require it to publish details relating to actual load for each scheduled load (as this is currently not a Rule requirement).

AEMO is seeking to amend the publication timing of NEM operating data by:

- seeking to modify clause 3.13.4(q)(1) of the Rules (see section 3.1 for further discussion);
- seeking to modify clause 3.13.4(r) of the Rules (see section 3.2 for further discussion); and
- amending the Timetable, and proposing a transitional provision in Chapter 11 of the Rules to allow this amendment (see section 3.3 for further discussion).

The proposed Rule change is seeking to require AEMO to publish the NEM operating data in dispatch time, rather than the next trading day.

3.1 Modification to clause 3.13.4(q)(1) of the Rules

Currently, clause 3.13.4(q)(1) requires AEMO to publish details relating to:

- actual generation for each scheduled generating unit and semi-scheduled generating unit (item 1);
- dispatched generation for each scheduled generating unit and semi-scheduled generating unit (item 2);
- dispatched network service for each scheduled network service (item 3); and
- dispatched load for each scheduled load (item 4).

This clause requires AEMO to publish the above details on “each day, in accordance with the timetable”, for “each trading interval and dispatch interval” “for the previous trading day”.

¹⁰ This refers to actual flow data for unregulated interconnector.

AEMO has proposed changing the timing of publication of details relating to actual generation for each scheduled generating unit and semi-scheduled generating unit (item 1) . AEMO is seeking to achieve this by:

- deleting the words “actual generation” from this clause; and
- moving this item 1 to clause 3.13.4(r)(1) (see section 3.2 of this Consultation Paper for further discussion).

Other publication timing requirements (item 2 to item 4) under this clause would remain unchanged.

3.2 Modification to clause 3.13.4(r) of the Rules

Clause 3.13.4(r) of the Rules states that:

“Each day, in accordance with the timetable, AEMO must publish details of actual generation for each non-scheduled generating unit or non-scheduled generating system, in each trading interval for the previous trading day.”

AEMO is seeking to modify the publication timing requirements under this clause. Under the proposed timing requirements, AEMO must publish the details relating to actual generation in dispatch time, rather than on the next trading day. AEMO is seeking to achieve this by:

- proposing to amend clause 3.13.4(r) to require AEMO to publish the details relating to actual generation only in accordance with the Timetable, without references to “each day” and “in each trading interval for the previous trading day”; and
- proposing a transitional provision requiring AEMO to amend the Timetable. The proposed changes to the Timetable will require AEMO to publish the designated data in dispatch time. This is discussed in further details in section 3.3 of this Consultation Paper.

In addition, AEMO is seeking to modify clause 3.13.4(r) of the Rules by:

- introducing subclause 3.13.4(r)(1). This proposed subclause is seeking to require AEMO to publish details relating to actual generation for each scheduled generating unit and semi-scheduled generating unit (item 1) under this clause. This is in addition to the current provision under this clause requiring AEMO to publish the details for non-scheduled generating unit or non-scheduled generating system;¹¹

¹¹ As discussed in section 3.1 of this Consultation Paper, item 1 was proposed to be deleted from clause 3.13.4(q)(1), and be moved to clause 3.13.4(r)(1).

- introducing subclause 3.13.4(r)(2). This modification would require AEMO to publish details relating to actual network service for each scheduled network service. This proposed change may result in an inconsistency with clause 3.13.4(n), and will be further discussed in section 4 of this Consultation Paper; and
- introducing subclause 3.13.4(r)(3). This modification would require AEMO to publish details relating to actual load for each scheduled load.

These proposed Rule amendments and changes to the Timetable would require AEMO to publish all generating, scheduled load and scheduled network service data in dispatch time. AEMO considers that it is necessary and practical to publish all this data in dispatch time because:

- it would ensure all inputs into the dispatch process are made available at the same time. This would allow symmetrical treatment of generators, loads and networks;
- publication of NEM operating data for non-scheduled capacity would assist participants to assess the accuracy of AEMO's forecasts. This is because there is a significant portion (approximately 2,300 MW) of non-scheduled capacity in the NEM; and
- it would provide more information to the market. This would in turn increase market transparency and promote a more informed market response to unplanned generation events.

3.3 Amending the Timetable, and transitional provision of the proposed Rules

In order to amend the Timetable, clause 3.4.3(a) of the Rules would require AEMO to follow the Rules consultation procedure under clause 8.9 of the Rules.

For this Rule change proposal, however, AEMO requests that the AEMC resolves the timing requirements for publication of the NEM operating data as part of its Rule determination process. AEMO considers this would allow publication of the NEM operating data to be expedited, and this approach would result in a more efficient implementation process.

In order to allow the AEMC to consult (and hence make a determination) on the publication timing requirements, AEMO has included the proposed publication timing requirements in the transitional provision of the proposed Rules. The proposed publication timing requires AEMO to publish the NEM operating data in dispatch time.

This transitional provision also requires AEMO to amend the Timetable to include the timing requirement as determined by the AEMC. The provision requires this to be carried out within 9 months of the commencement of the Rule.

AEMO considers that this would remove the need for AEMO to follow the Rules consultation procedure under clause 8.9 of the Rules to amend the Timetable (as required under clause 3.4.3(a) of the Rules) in this instance.

3.4 Aggregation of data to be published

AEMO proposes to publish the NEM operating data of individual scheduled entities, rather than data aggregated to power station level as was initially contemplated by the Dispatch and Pricing Reference Group (DPRG). This is because the data currently published on the following trading day is at the scheduled entity level and the aggregation of the data would require additional work and create less transparency, and AEMO sees no clear market benefit from this approach.

3.5 Is a Rule change actually required?

The AEMC notes that the NGF, in its letter dated 11 November 2008 to NEMMCO, raised that a Rule change is not required to publish the above details in dispatch time. This is because clause 3.13.1(a) of the Rules would already allow these details to be made available to some of the NEM participants in dispatch time.

Clause 3.13.1(a) states that:

“In addition to any specific obligation or power of AEMO under the Rules to provide information, AEMO must make available to Scheduled Generators, Semi-Scheduled Generators and Market Participants on request any information concerning the operation of the market not defined by the AEMC or the Rules as confidential or commercially sensitive and may charge a fee reflecting the cost of providing any information under this clause 3.13.1(a).”

Despite this clause, AEMO considers “an unambiguous NER [Rules] obligation is required for AEMO to accelerate the publication of this information to the market”¹² due to the following reasons:

- although the Rules do not explicitly state that NEM operating data is confidential or commercially sensitive, the AEMO considers that “implicit in the requirement to publish it the next day is a prohibition against publishing it earlier.”¹³; and
- AEMO considers that publishing operating data in dispatch time on the same day is a significant change from the current market information publication schedule.

¹² See the Rule change proposal, page 3.

¹³ Ibid.

4. Consequential changes to the Rules

Clause 3.13.4(n) of the Rules states that:

“Each day, in accordance with the timetable, AEMO must publish the actual regional reference prices, ancillary service prices, regional and total interconnected system loads and energies, inter-regional flows, inter-regional loss factors and details of any network constraints for each trading interval in the previous trading day.”

Preliminary analysis of the Rule change proposal reveals that this clause could be inconsistent with the intent of clause 3.13.4(r)(2) of the proposed Rules. Under this proposed clause, the details relating to the unregulated interconnector flows are intended to be published in dispatch time. This appears to be inconsistent with clause 3.13.4(n) which requires the details to be published on the next trading day.

In addition, clause 3.13.4(n) does not consistently reflect the timing of AEMO data publication in practice. In practice, AEMO publishes this data in real time every five minutes, rather than “for each trading interval in the previous trading day” as required under this clause.

To address the above inconsistencies, the AEMC proposes that clause 3.13.4(n) of the Rules be modified as follows:

~~“Each day, I~~In accordance with the timetable, AEMO must publish the actual regional reference prices, ancillary service prices, regional and total interconnected system loads and energies, inter-regional flows, inter-regional loss factors and details of any network constraints ~~for each trading interval in the previous trading day.”~~

5. Consultation questions

The Consultation Paper identifies a number of questions raised by the Rule change proposal. Identifying these questions is intended to facilitate consultation on the proposal. Stakeholders are encouraged to consider these questions when preparing their submissions in response to the Rule change proposal.

The questions are:

1. Do you agree that there is an issue with the current arrangements that should be addressed by amending the Rules? Please explain your view. In particular, please also discuss if publication of the NEM operating data in dispatch time would have any detrimental impacts on the NEM or its participants.
2. What impacts (including operational and procedural impacts) are the proposed Rule changes likely to have on stakeholders?
3. What impacts, if any, are the proposed Rule changes likely to have on the transparency of NEM operating data?
4. Will the proposed Rule changes contribute, or be likely to contribute, to the achievement of the national electricity objective? Please explain your view.

5. Please discuss what details should be published in dispatch time, and why? At what level should these details be aggregated? Who should the details be made available to?
6. If you would like to suggest alternative publication timing requirements, please propose the draft Rules reflecting this proposal.
7. What costs are stakeholders likely to incur, and what benefits are likely to accrue to stakeholders, if the proposed Rule is made?
8. Do you consider a Rule change is required to amend the publication timing requirements?
9. Do you have any objection/concerns with using the transitional provisions to effect the change in the Timetable, rather than using the Rules consultation process under clause 8.9 of the Rules?
10. What other transitional arrangements, if any, would be required to ensure stakeholders can comply with the proposed changes?
11. What other consequential Rule changes would be required?
12. Please provide any other relevant information for the Commission's consideration.

We encourage stakeholders to comment on any aspect (or aspects) of the Rule change proposal that are not encompassed by the questions set out above.

6. Making a submission

In relation to this Rule change proposal, the Commission published a notice under section 95 of the NEL inviting written submissions by 5pm (Sydney time), **14 December 2009**. Submissions may be lodged online or by mail in accordance with the following requirements.

Submissions should be submitted, where practicable, in accordance with the Commission's *Guidelines for making written submissions on Rule change proposals*.¹⁴ The Commission publishes all submissions on its website subject to a claim of confidentiality.

All enquiries in relation to this Rule change proposal should be directed to Ignatius Chin on (02) 8296 7800.

¹⁴ The AEMC's *Guidelines for making a submissions on Rule change proposals – Electricity* are available from the AEMC's website at <http://www.aemc.gov.au/Electricity/Rule-changes/Rule-making-process.html>

6.1 Lodging a submission electronically

Comments must be lodged online via www.aemc.gov.au. The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated.

Upon receipt of the electronic version of the submission, the Commission will issue a confirmation email. If this confirmation email is not received within 3 business days, it is the submitter's responsibility to ensure successful delivery of the submission has occurred.

6.2 Lodging a submission by mail

The submission must be on letterhead (if an organisation), signed and dated by the respondent. The submission should be sent by mail to:

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

or by fax: (02) 8296 7899.

The envelope must be clearly marked with the project reference code: "ERC 0096/1".

Except in circumstances where the submission has been submitted electronically, upon receipt of the hardcopy submission the Commission will issue a confirmation letter. If this confirmation letter is not received within 3 business days, it is the submitter's responsibility to ensure successful delivery of the submission has occurred.