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Mr John Pierce
Chairman
Australian Energy Market Commission
Level 5, 201 Elizabeth Street
Sydney NSW 2000

Submitted electronically via: submissions@aemc.gov.au

Dear Mr Pierce

ERC0107 – DRAFT DETERMINATION – Amendments to PASA-related Rules

The National Generators Forum welcomes the opportunity to comment on the Australian Energy Market Commission's Draft Rule Determination on the Amendments to the Projected Assessment of System Adequacy (PASA) Rules.

We support the Draft Decision, which would provide the Australian Energy Market Operator (AEMO) with the flexibility to share reserves between National Electricity Market regions.

In reviewing the Draft Rule and Draft Decision, Origin has identified two additional issues that we wish the AEMC to consider when making its final determination.

First, we would suggest that the National Electricity Rules should require AEMO to consult on the PASA methodology. At the moment, the Short Term (ST) PASA methodology has limited capacity to capture market volatility effectively. This can restrict the weight that participants place on these forecasts. If participants better understood both the inputs to, and methodology behind, the Medium Term (MT) and ST PASA, then they would be able to place greater weight on the PASA outputs. In addition, participants may have ideas on how to improve the quality of the PASA. If the quality of the PASA was improved, participants would be able to react to their outputs in a more efficient and timely manner. Consultation would provide participants with the opportunity to raise possible improvements.

Second, the PASA-related rules focus on the publication of “peak” load information. While that may have been a key priority in the past, the market is going through a structural change at the moment, driven by the increase in renewable and low carbon sources. The change in the generation mix means information about off-peak loads is becoming equally important. For example, excess supply conditions in South Australia have resulted in numerous instances of negative spot prices overnight, which participants need to manage. We suggest the PASA-related rules should now require AEMO to make off-peak demand information as readily available as peak demand information.

The NGF considers these recommendations complement the current changes set out in the Draft Rule, therefore further promoting the National Electricity Objective. Improving the quality of the information available to participants can support more efficient decision-making in a timely manner. This is in the best interests of end use consumers.

Should you have any questions or would like to discuss this submission please call Hannah Cole, Regulatory Policy Manager (Origin), on (02) 8345 5500.

Yours sincerely



Malcolm Roberts
Executive Director