

FROM THE OFFICE OF THE  
CHIEF EXECUTIVE OFFICER

30 October 2009

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By online submission

Dear John

### Re | Transparency of Operating Data

AEMO requests that the AEMC consider making a Rule under section 91 of the *National Electricity Law*. The proposed Rule and associated changes to the spot market operations timetable would require AEMO to publish operating data for Registered Participants in the current 5 minute dispatch cycle.

A description and drafting of the proposed Rule, a statement of the issues concerning the existing National Electricity Rules and how the proposed Rule addresses those issues consistent with the national electricity objective is provided in Attachment A.

This letter supersedes earlier preliminary correspondence provided by AEMO to the AEMC dated 30 September 2009. AEMO would be pleased if you could have these matters considered by the AEMC. For further details, please do not hesitate to contact Basilisa Choi on 02 9239 9116.

Yours sincerely



Matt Zema  
Managing Director and Chief Executive Officer

cc:

Attachments A: Request for Rule change

Attachments B: National Generators Forum (NGF) letter to NEMMCO – 11 November 2008

30 October 2009 – Proposed Rule change - Transparency of Operating Data

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## ATTACHMENT A

### 1. Statement of issues

#### Background

##### *National Electricity Rules Requirements*

Clause 3.13.4 of the *National Electricity Rules (NER)* requires AEMO to provide spot market information to the market, and many of these requirements must be met in accordance with the spot market operations timetable (**timetable**). Before AEMO changes the timetable, it must consult on proposed changes using the Rules consultation procedure.

In particular, clause 3.13.4(q)(1) of the NER requires AEMO to publish details of actual and dispatched generation, dispatched network service or dispatched load for each scheduled generating unit, semi-scheduled generating unit, scheduled network service and scheduled load for each trading and dispatch interval for the previous trading day.<sup>1</sup> AEMO must also publish details of actual generation for non-scheduled generating units or generating systems in each trading interval for the previous trading day.<sup>2</sup> This means that data is effectively published on the day after short-term trading decisions have been made, except for scheduled network service.<sup>3</sup> AEMO also publishes actual data on inter-regional flows to the market in dispatch time, thus scheduled network service is already published in dispatch time.<sup>4</sup>

##### *Requests for information*

Where a specific obligation to provide market information does not exist in the NER, Scheduled and Semi-Scheduled Generators and Market Participants may request AEMO to provide market information which has not been defined by the AEMC or the NER as confidential or commercially sensitive.<sup>5</sup>

#### Issue with Market Information Transparency

The National Generators Forum (**NGF**) has requested NEMMCO (now AEMO) to publish actual scheduled data of power stations in dispatch time to increase spot market data transparency.<sup>6</sup> Currently, the data the NGF has requested is treated as confidential

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<sup>1</sup> Under clause 3.13.4(s) of the NER, AEMO's requirement to publish only applies to data that is available to AEMO.

<sup>2</sup> Refer to clause 3.13.4(r) of the NER.

<sup>3</sup> Basslink is the only registered MNSP in the NEM.

<sup>4</sup> Clause 3.13.4(n) of the NER requires AEMO to publish each day, in accordance with the timetable.

<sup>5</sup> Refer to clause 3.13.1 of the NER.

<sup>6</sup> Refer to Attachment B for further information. The NGF initially requested NEMMCO provide this information under clause 3.13.1(a) of the NER, however since this operating data is treated as confidential it was agreed that a Rule change would be proposed.

information by AEMO and it is not made available to the market until it is published by AEMO the next trading day.

This issue was raised by members in the Dispatch and Pricing Reference Group (**DPRG**)<sup>7, 8</sup> in response to the development of technology that remotely senses power line flows and can be used to estimate power station outputs. We have been advised by DPRG members that this data is available in dispatch time for purchase from private companies and does not rely on market information provided by AEMO. Thus, while such market data is not published by AEMO under the NER until the next trading day, the use of such technology means that this data can be determined and made available by other parties deploying this technology on the day.

AEMO considers that the commercial provision of power flow data by other parties at the time of dispatch is likely to increase information asymmetries and costs in the national electricity market (**NEM**). AEMO already has access to this data and considers that it would be more beneficial to the market if this information was made available to all Registered Participants under the NER, hence enhancing their ability to respond more quickly to changes in market conditions.

Although the NER does not explicitly state that operating data is confidential or commercially sensitive, implicit in the requirement to publish it the next day is a prohibition against publishing it earlier.

Nonetheless, AEMO considers that publishing operating data in dispatch time on the same day is a significant change from the current market information publication schedule. Therefore, AEMO considers that an unambiguous NER obligation is required for AEMO to accelerate the publication of this information to the market.

AEMO proposes to publish the operating data of individual scheduled entities rather than data aggregated to power station level as was initially contemplated by the 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, providing no clear market benefit.

## **2. Proposed Rule**

This section provides a description of the proposed Rules developed by AEMO, AEMO's right to submit the proposed Rule to the AEMC, and the power that the AEMC has under the NEL to consider this proposed Rule change.

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<sup>7</sup> For further information on the DPRG, including membership see: <http://www.aemo.com.au/corporate/dprg.html>.

<sup>8</sup> The DPRG discussed this issue at meetings no. 94 and 95; these were held on 26 February and 8 April 2008, respectively.

## Description of Proposed Rule

The proposed Rule would modify AEMO's requirement to publish actual generation and scheduled load data for generating units and systems, scheduled network services and scheduled loads. It would remove the NER requirement that AEMO should publish this data for the previous trading day. AEMO considers it necessary and practical to include all generating data, scheduled load and scheduled network service 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;
- for scheduled network service, dispatch time data is already being published as a part of interconnector flow information;
- there is approximately 2300 MW of non-scheduled capacity in the NEM.<sup>9</sup> Publication of operating data for non-scheduled capacity would assist participants to assess the accuracy of AEMO's forecasts; and
- it provides greater information to the market which would, in turn, increase market transparency and promote a more informed market response to unplanned generation events.

AEMO considers that including a timing requirement directly in the proposed Rule would result in the AEMC and AEMO undertaking two separate consultations on the same issue, i.e. changes to the timing requirement would require the AEMC's consultation on the Rule change proposal and AEMO's Rules consultation on a change to the timetable. It is more appropriate and efficient for the proposed Rule to identify what data is to be published in accordance with the timetable and for the timetable to set out the timing of publication of the operating data and other information. As such, the proposed Rule does not include a timing requirement for the operating data in the drafting of clause 3.13.4(r) of the NER.

The proposed Rule would require AEMO to conduct a Rules consultation with a view to amending the parts of the timetable that relate to the timing requirement of the publication of the operating data. Despite this requirement, AEMO requests that the AEMC resolve the timing requirement for the publication of this operating data to expedite the publication of the operating data. AEMO considers that this approach would result in a more efficient implementation process.

The proposed Rule includes a transitional provision which requires AEMO to amend the timetable to include the timing requirement that the AEMC has consulted on within 9 months of the Amending Rule, without conducting a Rules consultation.

Under the NER, AEMO would be required to conduct a Rules consultation if future amendments were needed to the timing requirements of the publication of the operating data.

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<sup>9</sup> Refer to AEMO Registration and Exemption List:  
<http://www.aemo.com.au/registration/registration.html>

AEMO suggests the following amendments to clause 3.13.4 of the NER to achieve this change:

- (q) Each *day*, in accordance with the *timetable*, AEMO must *publish* details of:
- (1) ~~actual generation~~, *dispatched generation, dispatched network service or dispatched load* for each *scheduled generating unit, semi-scheduled generating unit, scheduled network service* and *scheduled load* respectively in each *trading interval* and *dispatch interval*; and
  - (2) for each *semi-scheduled generating unit* in each *trading interval* and *dispatch interval*, whether or not a condition for setting a *semi-dispatch interval* applied;
- for the previous *trading day*.

- (r) ~~Each day~~, In accordance with the *timetable*, AEMO must publish details of:
- (1) actual generation for each *scheduled generating unit, semi-scheduled generating unit* and *non-scheduled generating unit* or *non-scheduled generating system*; and
  - (2) actual network service for each *scheduled network service*; and
  - (3) actual load for each *scheduled load*. ~~in each *trading interval* for the previous *trading day*.~~

## Proposed transitional provision in Chapter 11

### Actions taken by AEMO

AEMO must amend those parts of the *timetable* that relate to the publication of actual generation, *scheduled network service* and *scheduled load* every five minutes within 9 months of the commencement date of the Amending Rule as follows:

Day	Time of Day (EST)	Event	Provided By	Provided To	Period Covered	Frequency	Comments	Rules Requirements
Day +1	ASAP after start of trading day.	Publish dispatched generation, dispatched network service, dispatched load for scheduled generating unit, semi-scheduled generating unit, scheduled network service, scheduled load. Publish application of semi-	AEMO	Participants	Day 0	Daily	5 minute resolution for dispatch interval and half-hourly resolution for trading interval.	3.13.4(q)

		dispatch cap to each semi-scheduled generating unit.						
Day 0	ASAP after start of dispatch interval.	Publish actual generation for scheduled generating unit, semi-scheduled generating unit and non-scheduled generating unit or non-scheduled generating system, actual network service for scheduled network service, actual load for scheduled load	AEMO	Participants	Current dispatch interval	Every 5 min.	The actual generation is measured at the beginning of each dispatch interval	3.13.4(r)

Clause 3.4.3(b) of the *Rules* does not apply to this Amending Rule.

Any relevant action taken by *AEMO* prior to the commencement date and in anticipation of the commencement of the Amending Rule is deemed to have been taken for the purpose of the Amending Rule and continues to have effect for that purpose.

**Amending Rule** means [Transparency of Operating Data]

**commencement date** means the date on which the Amending Rule commences.

### **AEMO's Right to Submit this Proposal**

AEMO is requesting that the AEMC make this proposed Rule in accordance with section 91 of the *National Electricity Law (NEL)*.

AEMO has the following relevant functions under the NEL:

- to operate and administer the NEM; and
- to promote the development and improve the effectiveness of the operation and administration of the NEM.

Under section 91(1) of the NEL, the AEMC may make a Rule at the request of any person, the MCE or the Reliability Panel. As such, AEMO may request the AEMC make a Rule.

### **Power of the AEMC to Make the Proposed Rule**

The subject matters about which the AEMC may make Rules are set out in section 34 of the NEL and, more specifically, in Schedule 1 to the NEL.

AEMO considers that the proposed Rule falls within the subject matters that the AEMC may make Rules about, as it relates to the activities of persons participating in the NEM.

### **Consultation**

AEMO has not formally consulted on the proposed Rule. However, AEMO has discussed the issues with members of the DPRG, particularly the NGF and the AER. In principle, the members of the DPRG have agreed to the proposed changes.

### **Implementation**

AEMO considers that the proposed Rule would be ready for implementation by the end of 2010. This estimate takes into consideration the time required for AEMO to complete the necessary system developments.

## **3. How the Proposed Rules Contribute to the National Electricity Objective**

Before the AEMC can make a Rule change it must apply the rule making test set out in the NEL which requires it to assess whether the proposed Rule will or is likely to contribute to the national electricity objective (**NEO**). Section 7 of the NEL states the NEO is:

...to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to –

- (a) price, quality, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system.

AEMO submits that the proposed Rule is likely to promote the NEO because it would increase allocative efficiency by:

- reducing information asymmetries between Registered Participants by increasing the amount of information available. This would provide for better decision making, thereby improving reliability and promoting competition in the NEM;
- providing this operating data at a lower cost to Registered Participants. It is more efficient and economic for AEMO, rather than private providers, to publish this data for Registered Participants. AEMO can utilise existing resources to do this because it has systems in place that already collects and disseminates this data and has the capability to be able to publish this operating data in near real time; and

- producing directly metered operating data (also known as SCADA data) is likely to be superior, in terms of its reliability, accuracy and resolution, to that derived or inferred from remote line flow sensing technology.

As such, AEMO considers that the proposed Rule would promote the efficient operation and use of electricity services in the long term which would result in lower electricity prices to consumers.

AEMO also submits that the proposed Rule promotes good regulatory practice because it is consistent with the market design principle set out in clause 3.1.4(a)(2) of the NER, relating to market transparency in the interests of achieving market efficiency.

#### **4. Expected Benefits and Costs of the Proposed Rule**

AEMO expects that the proposed Rule would benefit Registered Participants because the resulting increased market transparency would facilitate more informed electricity trading decision making in the presence of sudden and unplanned changes to generation patterns. Ensuring all Registered Participants have access to this operating data promotes a more equitable arrangement and promotes more timely decision making by Market Participants.

AEMO notes that the provision of generation data in dispatch time may increase the opportunity for co-ordinated behaviour that seeks to take advantage of conditions of reduced supply. However, AEMO considers that the dispatch prices which are published in advance of each dispatch interval are already used as a significant but less accurate indicator of unplanned changes to supply conditions. The proposed operating data would provide Registered Participants with a reliable measure of the significance of abrupt and unplanned changes to supply conditions and would provide better market information for monitoring purposes.

The proposed Rule would result in AEMO incurring minor costs associated with updating the timetable and amending the market system to publish the operating data for Registered Participants; these costs are expected to be one off and minimal.



## GLOSSARY

Term or Abbreviation	Explanation
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
DPRG	Dispatch and Pricing Reference Group
MCE	Ministerial Council on Energy
NEM	National Electricity Market
NEMMCO	National Electricity Market Management Company
NEL	National Electricity Law
NEO	The national electricity objective as stated in section 7 of the NEL.
NER	National Electricity Rules
NGF	National Generators Forum
operating data	Actual generation data for each scheduled generating unit, semi-scheduled generating unit and non-scheduled generating unit, and actual network service for each scheduled network service and actual load for each scheduled load.
Timetable	The timetable published by AEMO under clause 3.4.3 of the NER for the operation of the <i>spot market</i> and the provision of <i>market</i> information.