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Reliability Panel  
Australian Energy Market Commission  
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### **Annual Market Performance Review 2011**

TRUenergy welcomes the opportunity to provide comments on the Reliability Panel's Annual Market Performance Review (Review).

Overall TRUenergy believes the Review is a useful document. Its main benefit is that it provides an overarching summary of the market. A number of the items raised in the Review are reported elsewhere, but the summary of overall performance provides the opportunity to assess longer term trends. Our comments are noted below.

#### **Reliability and security**

The explanation of the key concepts of reliability and security explained in section 2 as well as the more detailed background material in appendices B and C are useful background material for the market.

#### **Safety**

TRUenergy agrees that the narrow focus on safety is appropriate for the Panel. Safety is regulated under different jurisdictions. It would lessen the focus of the Review if a wider safety scope was included.

#### **Demand forecasts**

TRUenergy is concerned at the level of variability in demand forecasts, in particular for high demand days where underestimation is problematic for two reasons. Firstly, in close to real time, erratic demand forecasts contribute to requirements for rebidding, which in turn increase volatility close to real time. The uncertainty creates issues for participants who potentially could respond, either with fast start generation, fast ramp rates, or demand side response. Ultimately this impacts allocative efficiency with the consumer being disadvantaged through not being able to obtain lowest cost supply options.

Our other concern relates to the provision of information in the pre-dispatch period. While initial information is released at approximately 12:30 pm for the next day, we understand that AEMO do not update demand forecasts until late in the night or early morning. This can present a scheduling issue for fuel supplies and unit commitment more generally. Limitations in the gas market require day ahead ordering of gas, and hydro fuel can also be limited due to travel times for water and environmental compliance requirements. A focus on improving demand forecasts for the day ahead period may improve the availability of fuel supplies and unit commitment especially for periods where demand maybe high.

**System Security Performance Assessment**

TRUenergy notes that three frequency events on the mainland exceeded the frequency standard (300 seconds duration outside then normal frequency band) and seven exceedences occurred for Tasmania. Only a brief description of the 1<sup>st</sup> February 2011 event is provided. There was no analysis on why the standard was breached on these occasions, or any discussions on the relative severity of the problem. Analysis should be undertaken to determine if sufficient FCAS is being dispatched to support the frequency standard, and if sufficient FCAS is not procured what actions need to be undertaken.

**Weather Summary**

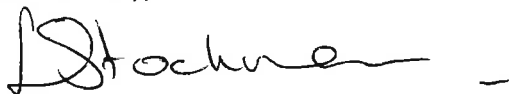
TRUenergy suggest that Appendix A is edited to remove the superfluous references to Western Australia.

**Network Performance**

TRUenergy agrees with the Panel that it is not responsible for local supply matters, but finds the summary in Appendix D useful and would recommend the continued provision of this information.

TRUenergy thanks the Reliability Panel for the opportunity to provide comments on the Review. Please feel free to contact me on (03)8628-1632, or lana.stockman@truenergy.com.au should you wish to further discuss our comments.

Yours Sincerely,



Lana Stockman  
Manager, Wholesale Regulation  
TRUenergy