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Updating Short Term PASA rule change – ERC0332

Submission via AEMC website

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AGL Response to AEMC Updating Short Term PASA rule change consultation paper

AGL Energy (**AGL**) welcomes the opportunity to comment on AEMC's Updating Short Term PASA (**ST PASA**) rule change consultation paper.

AGL is one of Australia's largest integrated energy companies and the largest ASX listed owner, operator, and developer of renewable generation. AGL is also a significant retailer of energy and telecommunications, providing solutions to around 4.2 million across Australia.

The consultation paper outlines AEMO's proposal to amend four features of the current ST PASA rule (set out under cl 3.7.3 of the National Electricity Rules). These features are listed below.

1. Introduce a principle based framework where the information reporting requirements and ST PASA outputs are prescribed in an AEMO procedure rather than as currently set out under the rules.
2. Extend the ST PASA reporting timeframe to seven days from the from the time of the most recent dispatch interval.
3. Publish the ST PASA generator availability on a per unit level.
4. Amend the definitions of PASA availability by removing the specification that PASA availability is physical plant availability that can be made available in 24 hours' notice. In turn allowing a range of unit recall time horizons to be reported to AEMO.

In summary, we broadly support the objective of the proposed rule. Our key concern is that it is unclear why the required ST PASA inputs and outputs must be placed in an AEMO procedure rather than as currently outlined under the rules.

Outlined below is our detailed response the proposed rule.

The proposed principle-based framework

AEMO have proposed the ST PASA objective is to provide forecasts of power system security and reliability for each 30-minute interval for a period of seven days from the day of publication. We note the proposed ST PASA objective focuses largely on the first component of the current PASA definition.

Clause 3.7.1 (b) of the rules, already sets out the purpose of the PASA framework. The PASA definition has two key components. Firstly, PASA is designed for information collection, analysis, and disclosure of medium term and short term power system security and reliability of supply prospects. Secondly, this information is required so that Registered Participants are properly informed to enable them to make decisions about supply, demand and outages of transmission networks.



We are concerned by the exclusive focus of the proposed ST PASA objective on system security and reliability rather than also including the ultimate purpose of informing participants to facilitate market responses. The proposed objective enables AEMO to instil a stronger focus on ST PASA as a tool or benchmark to enable market intervention. Whilst the ST PASA framework is ultimately a key information source for AEMO to undertake these actions, we do not consider this objective is appropriate. Any objective should still include the ultimate purpose of informing market participants (as set out under cl 3.7.1(b)). Without this, as the energy system changes, ST PASA may evolve into an information source primarily to facilitate system security mechanisms and actions by AEMO. As noted in the consultation paper, appropriate reform regarding system security and reliability mechanisms and market interventions are still being actively considered. Any changes to the purpose of ST PASA should be carefully considered in the context of these reforms as they become clear and are ultimately finalised.

Flexibility in defining ST PASA

We broadly support AEMO's view that in order for ST PASA to be fit for purpose, the framework must be adjusted to enable ST PASA modelling improvements. These changes are necessary to appropriately take into account emerging technologies and changing system dynamics. However, it is unclear why the ST PASA rule must solely rely on AEMO procedures to describe the ST PASA inputs, outputs and methodology.

We note the current AEMC rule change process already provides a reasonably high level of flexibility in amending the ST PASA framework should material changes be required. Whilst the rule change proposal contends additional flexibility is needed for AEMO to make changes to the framework, it is unclear why these changes cannot still occur through the current AEMC rule change process. We do not consider emerging technologies or system dynamics are changing so rapidly and frequently that the input and output requirements need to be removed from the rules.

The AEMC should also be mindful that too much flexibility of the framework could negatively impact on market participants and the framework more broadly. The current ST PASA framework provides certainty and industry wide consensus of the information required and the ultimate ST PASA information provided by AEMO. Providing an opportunity to quickly and frequently vary the ST PASA inputs and outputs could undermine these key features.

From a more practical perspective, frequent changes to ST PASA inputs will pose challenges for market participants to vary internal reporting protocols and could result in costly system changes. Further, these frequent changes may give rise to a greater risk of inadvertent mistakes when reporting to AEMO.

The AEMC should therefore only consider how the current rules that set out the input and output ST PASA requirements need to be amended to facilitate AEMO's ability to effectively model and report on ST PASA. For example, where AEMO requires additional flexibility in defining an input the rule could be amended to define the input in a less prescriptive manner but then still preserves an appropriate level of industry certainty and clarity of purpose.

Should the AEMC determine the ST PASA inputs and outputs should be defined in AEMO procedures rather than the rules, we do not support the single stage consultation process. The PASA information requirements are critical obligations under the NER and require careful consideration before changes are made. The consultation process must therefore provide industry participants with an opportunity to properly



understand the purpose of any changes and for AEMO to clarify any ambiguity or uncertainty where it may arise.

ST PASA timeframe

We support the proposed extension of the ST PASA reporting timeframe from six days to seven. As outlined in the consultation paper the proposed rule would simply prescribe under the rules what AEMO is already forecasting through the 'PD PASA'.

Generator availability at the per unit level

Consistent with the MT PASA generator availability forecasts, we support the proposal to publish ST PASA generator availability at the per unit level, or DUID level. As noted in the consultation paper, additional transparency around the types of generation capacity available will become increasingly important for market participants. We note that as particular generation service capabilities become scarce, and alternative system strength mechanisms become available, this more granular forecast will assist the industry in forecasting what types of generation are dispatched or directed to generate.

Generator recall times

The consultation paper outlines AEMO's proposal to amend the definition of PASA availability to specify that the recall period is to be defined in the Reliability Standard Implementation Guidelines (RSIG). We support AEMO's intention of garnering a greater level of detail of generator recall times. Requiring recall period information greater than 24 hours may improve AEMO's ability to forecast reliability and identify system security concerns. However including recall times of less than 24 hours will pose significant challenges for Market Participants as this will give rise to complicated assessments of plant capability that will inevitably give rise to inconsistent interpretations of plant recall capabilities within this shorter time horizon. We therefore consider the reportable recall period should be limited to defining recall times of greater than 24 hours.

If you have any queries about this submission, please contact Kyle Auret on (03) 8633 6854 or KAuret@agl.com.au.

Yours sincerely,

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