

23 September 2021

Mr Tom Meares
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Australian Energy Market Commission
Sydney South NSW 1235

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By online submission

Dear Mr Meares

Consultation Paper – Updating Short-term PASA ERC0332

AEMO welcomes the opportunity to provide feedback on the AEMC’s consultation paper on AEMO’s ‘redeveloping short-term PASA (ST PASA) for the NEM transition’ rule change request.

AEMO appreciates the ongoing engagement with stakeholders and the AEMC. This has identified several enquiries that AEMO would like to address through its submission, including AEMO’s current intention regarding:

- PASA availability and recall notice period – AEMO envisages this will be represented in participant bids. AEMO’s submission provides three illustrative scenarios.
- How lack of reserve (LOR) conditions relate to ST PASA re-development – AEMO has not proposed changes to clause 4.8.4 of the National Electricity Rules. AEMO would consult on any proposed changes to the LOR framework.
- Consultation on the ST PASA procedures – AEMO will establish ‘initial procedures using the ‘full’ rules consultation process. After initial establishment, however, AEMO anticipates that a single stage consultation process is likely to be effective, efficient and responsive to emerging needs.

AEMO’s detailed submission is attached. Should you wish to discuss the matters raised in this submission, please contact Kevin Ly, Group Manager Regulation on kevin.ly@aemo.com.au.

Yours sincerely



Paul Zennaro
Acting Chief External Affairs Officer

AEMO SUBMISSION TO CONSULTATION PAPER – UPDATING SHORT-TERM PASA

ATTACHMENT 1: AEMO SUBMISSION TO THE CONSULTATION PAPER – UPDATING SHORT-TERM PASA (ERC0332)

PASA availability and recall period

AEMO's proposed PASA availability definition deletes the reference to physical plant capability that can be made available on 24 hours' notice and instead provides that relevant participants specify physical plant capability that can be made available within a given recall period in accordance with the Reliability Standard Implementation Guidelines (RSIG). This change is proposed to allow participants more flexibility in specifying their unit's recall period, which AEMO considers will better reflect the physical plant capability for the ST PASA forecasting horizon. The 24-hour notice for MT PASA would also be specified in the RSIG.

In stakeholder sessions and discussions from December 2019 to February 2021, stakeholders identified that extra capacity could be made available if the ST PASA notice period was more flexible, e.g. allows a shorter or longer notice period. AEMO considers that participants providing a recall period that is within a range (e.g. between 30 minutes and 3 days) is appropriate because it would allow relevant participants to better reflect their available physical plant capability. The range needs to take into account practical requirements, for example AEMO would rarely make decisions to recall capacity more than 72 hours ahead. The proposed rule will allow participants and AEMO to consider an appropriate range for the ST PASA timeframe in the RSIG consultation.

Currently, participants must provide PASA availability data as part of their dispatch bid but (given the 24 hour notice period in the definition) the bid does not include a specific recall period. Under NER clause 4.8.5A(d), AEMO can request participants to submit PASA availability and associated recall period data via the generator recall market portal when there is the potential for AEMO to intervene in the market.

In the new ST PASA design, AEMO anticipates that participants would submit both PASA availability and the associated recall period, the detail of how this would be implemented will be considered in consultation with stakeholders on the detailed design. This will also allow an opportunity to consider with participants how best to rationalise the provision of this information via bids and the generator recall market portal.

The simple scenarios below illustrate how a participant would be expected to bid under AEMO's proposal.

Scenario 1

A 300 MW generating unit is out for maintenance and the participant can recall it to be back in service given 72 hours' notice on the first day and given 5 hours' notice on the last day of the maintenance period. The table below illustrates how the participant could reflect this in its bid for each trading interval.

Trading Interval	Max Availability (MW)	PASA Availability (MW)	Recall Period
1	0	300	72 hours
2	0	300	72 hours
...			
Last day	0	300	5 hours
	0	300	5 hours

Scenario 2

A 300 MW generating unit's capacity is partially unavailable and can be recalled back to full capacity given 40 hours' notice.

The table below illustrates how the participant would reflect this in its bid for each trading interval.

Trading Interval	Max Availability (MW)	PASA Availability (MW)	Recall Period
1	200	300	40 hours
2	200	300	40 hours

Scenario 3

A 300 MW generating unit's technical capacity is fully available but has bid a lower capacity availability due to commercial reasons, however it can be brought to full capacity immediately. The table below illustrates how the participant would reflect this in its bid for each trading interval.

Trading Interval	Max Availability (MW)	PASA Availability (MW)	Recall Period
1	150	300	30 minutes
2	200	300	30 minutes

Lack of reserve declarations

There is an interaction between the proposed ST PASA redevelopment and the LOR framework. It should be noted that AEMO has not proposed rule changes to clause 4.8.4 of the National Electricity Rules (NER).

As a part of AEMO's consultation on the ST PASA procedures and the RSIG, AEMO intends to review the current LOR framework and consult on this review and potential changes to the Reserve Level Declaration Guidelines. This will be a separate process from the AEMC's consultation.

Single stage rules consultation process for ST PASA Procedures

AEMO's proposed rule includes a mandated single stage consultation process to apply to the ST PASA procedures under NER clause 3.7.3(b), with the objective of aligning with the Reserve Level Declaration Guidelines' consultation requirements. AEMO's intent is to establish the initial ST PASA procedures using a full rules consultation process together with additional engagement mechanisms such as working groups and briefings if necessary, as there is a significant amount of detail to consult on with stakeholders. AEMO remains keen to publish ST

PASA information that is useful to participants and recognises the importance of continued engagement to ensure their needs are understood when discussing the detailed design (expected to be Q1 2022).

On an ongoing basis, however, a mandated two-stage consultation process for subsequent amendments reduces the ability to respond efficiently to new conditions or requirements impacting the efficacy of ST PASA. For this reason the proposed rule mirrors the minimum consultation requirements for amendments to the Reserve Level Declaration Guidelines in clause 4.8.4A of the NER, which requires at least one formal round of consultation with written submissions.

The proposed rule would still allow AEMO to undertake an additional consultation 'round' where appropriate for any given change proposal for the ST PASA procedures, while providing flexibility to adopt effective forms of consultation with a minimum of one stage of formal written submissions. This promotes more effective consultation.

More broadly than the ST PASA procedures, AEMO has articulated a number of practical issues with the current rules consultation procedures in its electricity rules consultation procedures and gas extended consultation procedure rule change proposal¹. This identifies the need for a fit-for-purpose consultation regime to support effective consultation with stakeholders. The existing inflexible process can present a barrier to efficient and timely change or clarification, and is not necessarily inclusive of all stakeholders who could provide valuable perspectives. Better consultation may be longer, shorter or different than envisaged by the current Rules.

¹ Refer to the AEMC's website for further information.