



23 September 2021

Anna Collyer  
Chair  
Australian Energy Market Commission

Lodged online: [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Ms Collyer,

## **UPDATING SHORT-TERM PROJECTED ASSESSEMENT OF SYSTEM ADEQUACY (ST PASA) – CONSULTATION PAPER**

Origin Energy Limited (Origin) welcomes the opportunity to provide feedback to the AEMC on the consultation paper for the updating ST PASA rule change from AEMO.

We support the concept of a principles-based ST PASA, including unit-level information provision, to provide AEMO more flexibility in short-term forecasting and improve transparency of information to support participants' operational decisions. However, Origin's support is contingent on the following:

- AEMO should be required to undertake a rigorous and transparent consultation process in establishing and updating its ST PASA procedures.
- The proposed one-stage process does not meet this threshold. Instead, the process should involve at least two stages of public consultation (e.g., the full rules consultation procedures) to allow for comprehensive consideration and incorporation of stakeholder feedback.

We also consider examples of how the proposed PASA availability would work in practice is needed to promote stakeholders' understanding, while the AEMC should examine if the definition of energy constraints could be made clearer. We expand on these points in Table 1.

**Table 1: Feedback on specific aspects of the proposal**

<b>Topic</b>	<b>Origin views</b>
<b>Principles-based approach; seven-day outlook; unit-level information</b>	<ul style="list-style-type: none"><li>• We support the concept of introducing a principles-based approach in the rules, with the specific details contained in procedures. This will support changes to the short-term forecasting process to better integrate the changing market and technology dynamics.</li><li>• We support unit-level generator information provision for transparency; and combining pre-dispatch and ST PASA for a seven-day outlook.</li><li>• However, our support is subject to the qualifications below around the consultation process.</li></ul>
<b>Consultation process</b>	<ul style="list-style-type: none"><li>• We do not support the proposed approach to consulting on the ST PASA procedures. A single-stage process to consultation does not ensure enough rigour, particularly given the substantial discretion that would be provided to AEMO in moving to a principles-based approach.</li><li>• AEMO should be required to use a rigorous and transparent consultation process to establish the ST PASA procedures, and for any subsequent updates. This should involve at least two stages of public consultation (e.g. the full rules consultation procedures) to allow for the consideration and incorporation of stakeholder feedback.</li></ul>
<b>Implications for interventions</b>	<ul style="list-style-type: none"><li>• The AEMC should consider how the changes to ST PASA could affect the intervention framework. To the extent there are impacts, AEMO should be required to consult on these to promote transparency.</li></ul>
<b>PASA availability</b>	<ul style="list-style-type: none"><li>• It is unclear from the proposed definition how participants would be expected to submit PASA availability in practice. The draft determination should provide practical examples to help participants understand AEMO's intent.</li></ul>

	<ul style="list-style-type: none"> <li>• Our preference would be for a practical and simple approach whereby participants would provide one PASA availability with one recall time for each unit per trading interval – this should be made clear in the rules.</li> <li>• We understand the intent is for AEMO to specify, in guidelines, a range of recall times aimed at providing a cap aligned with its short-term reliability assessment. This range should be consulted on with participants.</li> <li>• We do not support introducing a requirement to provide distinct PASA availability for multiple AEMO-determined recall times per trading interval as this would introduce complexity in participants' systems.</li> <li>• It is important that any change in PASA availability requirements does not increase system implementation or regulatory burden for participants. Further, consideration should be given to removing the "Generator Recall" system to avoid duplication if more flexible recall times are implemented.</li> <li>• The AEMC should also consider the compliance implications of changing recall times given that PASA availability is a civil penalty provision. Return times from outages involve uncertainty, which should be reflected in any compliance requirement associated with PASA availability.</li> </ul>
<b>Energy constraints</b>	<ul style="list-style-type: none"> <li>• At present, the Chapter 10 definition of energy constraints suggests these could apply at the group level while Clause 3.7.2(d)(2) refers to unit level only. While this issue was not explicitly raised in the rule change request, AEMO's proposed new definition appears to address it by referring to generating unit only in the Chapter 10 definition. We support this change.</li> <li>• In addition, as currently drafted, the proposed definition is broad and could be open to interpretation. The AEMC should consider if the definition of energy constraints could be further simplified to provide clarity to market participants.</li> </ul>

Should you have any questions or wish to discuss this submission further, please contact Sarah-Jane Derby at Sarah-Jane.Derby@originenergy.com.au or by phone, on (02) 8345 5101.

Yours sincerely



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