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18 December 2020

Ms Merryn York
Acting Chair – Australian Energy Market Commission
GPO Box 2603
SYDNEY, NSW 200,

Dear Ms York

Rule change draft determination—Semi scheduled generator dispatch obligations

Thank you for the opportunity to provide a submission on the AEMC's 19 November 2020 draft rule determination for semi-scheduled generator dispatch obligations. Subject to the drafting issue stated below, we are supportive of the draft determination as it largely aligns with the rule change request we proposed on 24 September 2020.

In drafting the rule change proposal we focussed on the request from the then Council of Australian Governments Energy Council which was: *that semi-scheduled generators are to be obligated to follow their dispatch targets, in a similar manner to scheduled generators.* We undertook several forms of engagement with market participants and found that participants agreed with us that semi-scheduled generators turning off during a dispatch interval, without a dispatch instruction, and apparently in response to negative prices, should be addressed.

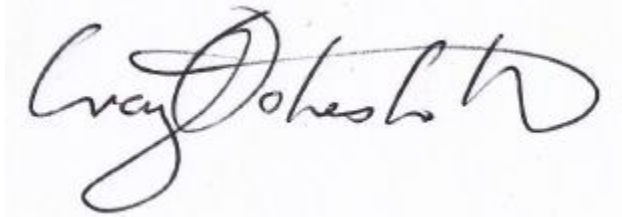
Following this consultation, we proposed amendments to the rules to restrict semi-scheduled generators' rapid controlled deviations away from resource capability. The proposed amendments allow semi-scheduled generators to generate to the full capacity of the sun and the wind, or their offer (subject to any cap imposed in a semi-dispatch interval).

Consistent with the COAG EC request our intention is that semi-scheduled generators follow a dispatch target at all times and that when a semi-dispatch interval is in place, they are capped at the target. The AEMC's proposed rule drafting largely aligns with what we proposed, with one exception: the definition of a dispatch level. We consider that the effect of the definition in the AEMC draft will only cap semi-scheduled generators in semi-dispatch intervals with no obligation to generate to a target, and therefore provide leeway to generate at any level under the cap for the purposes of clause 4.9.8(a).

The definition of dispatch level in the AER's rule change proposal made it clear that in a semi-dispatch interval a semi-scheduled generator should aim to produce (but not exceed) the amount of electricity specified in the dispatch instruction. The purpose of the AER's proposed drafting was to ensure that the expectation for generators to operate to their resource availability is met in both non-semi dispatch intervals and semi-dispatch intervals.

We look forward to continue working with the AEMC to ensure that semi-scheduled generator dispatch obligations are clear and the National Energy Rules reflect the changing dynamics of the National Electricity Market. Please do not hesitate to contact Adam Day on 08 8213 3408 or at adam.day@aer.gov.au to discuss this further.

Yours sincerely

A handwritten signature in black ink, reading "Craig Oakeshott". The signature is written in a cursive style with a large, stylized initial 'C' and a prominent flourish at the end.

Craig Oakeshott
Acting general manager, Market Performance