



Mr Joel Aulbury  
Australian Energy Market Commission  
Level 6, 201 Elizabeth Street  
Sydney NSW 2000  
Lodged through online portal

08 January 2020

Dear Mr Aulbury,

**Re: Improving transparency and extending duration of MT PASA draft Rule ERC0270**

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the AEMC's draft Rule on Improving transparency and extending duration of MT PASA ("the draft Rule").

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE has interests in generation, renewable energy development, and energy services. ENGIE also owns Simply Energy which provides electricity and gas to more than 720,000 retail customer accounts across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

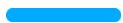
ENGIE is in general supportive of rule changes that improve information in the market providing they do not result in onerous regulatory or cost burdens on market participants. Accordingly, ENGIE is broadly supportive of the proposed draft Rule with the following caveats:

- ENGIE does not support the publication of generator availability by unit;
- ENGIE supports ERM's proposal that AEMO update its demand forecasts for the MT PASA more frequently, which is not currently part of the draft Rule; and
- ENGIE considers the implementation timetable is too aggressive in places.

These issues are expanded upon further below.

**Publishing generator availability by unit**

ENGIE notes ERM's argument that the current regional level availability data may mean that large generators with a big portfolio of plant have greater information about detailed availability than other market participants and that this may represent an information asymmetry is broadly supported by the Commission.





It is not uncommon that generators with multiple units of the same size may make only some of their units available for a given period. However, they may vary which of their units are available at any given time, allowing them to carry out maintenance on a rotating basis. This is an efficient way to maintain a consistent level of availability to the market. However, if availability needed to be disclosed on a *unit* basis, then such generators would need to provide more frequent updates to AEMO in order for MT-PASA to reflect the specific configuration of units that was available. In practice this level of granularity would not provide any more meaningful information to the market and thus it would increase the onerousness of compliance for no concomitant benefit.

A clear example is a generator with two or more units where only the equivalent of one unit is placed in MT PASA. Under these circumstances it should not matter whether unit A or B or another unit is run when those units are of the same size and there is no impact on the market. When more than one unit's equivalent output is put into MT PASA for that generator with more than one unit then it is self-evident that more than one unit will be running and again the need for unit level reporting becomes redundant for the specific generator.

This issue could be addressed by publishing availability at a generator level, which would address the issues raised and ensures reporting obligations are not overly prescriptive for no market benefit for individual generators with multiple units. .

#### **Updating demand forecasts**

ERM's original rule change proposal included a requirement for AEMO to review and update their demand forecast for MT PASA on a monthly basis. AEMO's submission to the consultation paper for the Rule change opposed monthly reforecasting of demand given the resourcing and lead time required to develop a new demand forecast and given that it already updates for material changes.

ERM has subsequently provided an early submission to the draft Rule that clarifies their primary intent was for AEMO "to review and confirm that the current forecasts remain relevant on a monthly basis, and issue revised forecasts when AEMO notes a material change in forecast market conditions"<sup>1</sup>. They further note an incident over summer 2016/17 where a large load (Portland smelter) was lost for an extended period but AEMO declined to update their demand forecasts despite the evident materiality of the event. This indicates that there would be value in amending the Rules to provide clearer guidance to AEMO on when it should update its demand forecast and notify the market.

Accordingly, ENGIE supports ERM's proposed amended wording for clause 3.7.2(f) as follows:

"(1C) the forecast load information referred to in subparagraphs (1) and (1B) is to be reviewed by AEMO on a monthly basis and updated if required to reflect current forecast market conditions;

(1D) AEMO to issue advice that the review as required by subparagraph (1C) has been completed and the outcome of this review"<sup>2</sup>

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<sup>1</sup> ERM Power, Interim Submission to the draft Determination, 22 November 2019

<sup>2</sup> Ibid.



ENGIE considers that this amended wording better achieves the National Electricity Objective as it minimises the cost to AEMO of keeping the market updated, while improving the flow of information to market participants and increasing the efficiency of Reliability and Emergency Reserve Trader (RERT) procurement.

#### **Implementation timetable**

The final Rule is due to be published on 20 February 2020. If the wording in the draft Rule is maintained, participants will be required from that date to provide MT PASA inputs that represent their current intentions and best estimates. ENGIE supports this change, which aligns MT PASA information requirements with those of ST PASA, and the ESOO and considers that it is likely that the standard of information it supplies to AEMO for the MT PASA is already consistent with this change.

Nonetheless, as a matter of good practice, ENGIE would want to take the opportunity to review its processes to confirm that it is indeed compliant with the new Rule and expects that other participants would wish to do the same. Given the large volume of system and process changes participants are experiencing, it is not realistic that such a review would be carried out until the need to do so has been confirmed, i.e. the final Rule is published.

Accordingly, ENGIE requests that the implementation date of this element of the Rule change be deferred to 20 May 2020 to allow participants a reasonable time to confirm compliance.

Should you have any queries in relation to this matter, please do not hesitate to contact me on (03) 9617 8415.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Jamie Lowe".

**Jamie Lowe**

Head of Regulation