

9 January 2020

Australian Energy Market Commission  
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Submitted by email to [aemc@aemc.gov.au](mailto:aemc@aemc.gov.au)

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### **Improving transparency and extending duration of Medium Term Projected Assessment of System Adequacy (MT PASA) Draft rule determination**

Snowy Hydro Limited welcomes the opportunity to comment on matters raised in the Draft rule determination from the Australian Energy Market Commission (the Commission) on improving transparency and extending duration of MT PASA.

Snowy Hydro Limited is a producer, supplier, trader and retailer of energy in the National Electricity Market ('NEM') and a leading provider of risk management financial hedge contracts. We are an integrated energy company with more than 5,500 megawatts (MW) of generating capacity. We are one of Australia's largest renewable generators, the third largest generator by capacity and the fourth largest retailer in the NEM through our award-winning retail energy companies - Red Energy and Lumo Energy.

Snowy Hydro understand that the MT PASA is an important tool for participants in understanding the NEM demand/supply balance and for the Australian Energy Market Operator (AEMO) to assess system reliability and security. We are broadly supportive of the proposed amendments to the MT PASA to improve accuracy, and to extend the projected outlook from two to three years. Providing more granular information on individual scheduled generators however will add little benefit to the market and won't lead to more efficient market outcomes. If AEMO would like more information about a particular generator outage for example, then they are able to request that information from market participants. Furthermore the additional layer of mandatory reporting/data collection of more granular information would be onerous on businesses and add further costs when the benefit has not been articulated.

If the Commission believes that publishing scheduled generating unit availability is needed then the required logic of this proposal demands that loads over 5MW are scheduled and similarly required to be published. Publishing this data would align with AEMO's position that batteries of 5 MW have the potential to impact power system security, and that a battery must be registered in the NEM and treated as a scheduled participant. It is important that all approaches are competitively neutral, do not advantage one technology over another and support a transparent approach that aids price discovery. This will allow for information asymmetries to be removed and allow all technologies to be treated on an equal footing.

#### **Frequent update to AEMO's demand forecast**

As the NEM continues to evolve MTPASA obligations should not remain only with generators and the market having no understanding of the future market intentions for the demand side of the market. With the introduction of the Retailer Reliability Guarantee (RRO) and the proposed Wholesale Market Demand Response (WMDR) there has never been a more important time for more frequent updates and market transparency for demand.



AEMO has already undertaken significant improvements to their forecasting processes which improves both its accuracy and transparency. Snowy Hydro however is concerned by AEMO's note that *"developing demand forecasts is a six-month process, requiring significant consultation"*<sup>1</sup> and *"If required to update forecasting on a monthly basis, it would not have enough of the required information available that would warrant any update to the demand forecast"*<sup>2</sup>. There needs to be a solution to provide more demand accuracy as not making any change could minimise the benefits of the introduction of the RRO and WMDR and lead to greater uncertainty in a volatile market that has no demand certainty. Snowy Hydro would be willing to participate in the consultation required and encourage AEMO to work to find the appropriate required information to facilitate more timely forecasts.

Frequently updated demand forecasts will ensure reliability information provided by AEMO is as accurate as possible with forecasts to take into account the most recent demand data. Further to this, Snowy Hydro agrees with the arguments for supporting greater demand accuracy from stakeholders which include:

- *"Reduce the temporal mismatch between supply of generator availability information (weekly) and forecast demand updates (yearly).*
- *Allow AEMO to take advantage of more current data such as the Bureau of Meteorology's (BOM's) seasonal outlooks, which are issued monthly.*
- *Assist in more accurate forecasting of USE and RERT requirements. In particular, Bluescope noted it would assist AEMO in summer preparedness and help more effectively manage system reliability costs.*
- *More frequent updates would more accurately reflect the quickly changing market. MEU also noted the introduction of RRO and demand response into the market increases the importance of more frequent updates, as they allow the costs to cons."*<sup>3</sup>

We agree with certain stakeholders that the additional cost is expected to be very low on an ongoing basis as processes can be automated which we believe will provide long term benefits for consumers. Arguments for such a change are much stronger for not undertaking the change.

### **Information Asymmetry for generators**

In the Draft rule determination the Commission accepts that scheduled generating unit availability information may be commercially sensitive and considers publishing this information is only an incremental change in the level of information currently available to market participants. Snowy Hydro believes that the Commission needs to consider the commercial concerns associated with the publication of this information and the advantages it gives to participants who are not subject to the same MTPASA obligations, not just the visible cost to release this information publicly. We also believe that the current level of information released on generator availability is sufficient for participants to make informed decisions as to how they will operate in the NEM

ERM Power's early submission noted a suggested amendment to the draft rule which requires that a "submission reason" should be included in market participants' MTPASA submissions. We believe this will add little benefit to the market, as it is the availability of NEM generation that is relevant, not the reason for it being available or not. If AEMO would like more information about a particular generator outage then they are readily able to request that information, which is much more useful

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<sup>1</sup> AEMC, Improving transparency and extending duration of MT PASA , Draft rule determination, 24 October 2019, pp39

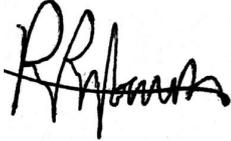
<sup>2</sup> Ibid, pp39

<sup>3</sup> Ibid, pp38

than a generic “submission reason”. Snowy Hydro therefore sees little utility in including this data and opposes the proposed change.

Snowy Hydro appreciates the opportunity to respond to the Draft rule determination and any questions about this submission should be addressed to me by email to [panos.priftakis@snowyhydro.com.au](mailto:panos.priftakis@snowyhydro.com.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Priftakis', written over a faint, light blue circular watermark.

Panos Priftakis  
Head of Wholesale Regulation  
Snowy Hydro

