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**EnergyAustralia**

LIGHT THE WAY

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### **NEM Reliability Forecasting guideline and Methodology – Draft Report – 3 February 2023**

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts across eastern Australia. We also own, operate and contract a diversified energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 4,500MW of generation capacity.

We appreciate AEMO's responses to stakeholder submissions in arriving at its draft guideline amendments, and the opportunity to discuss our own submission with AEMO staff in December.

As per our prior comments we are supportive of AEMO's work in better understanding and reporting on the potential impact of energy limits. We are comfortable with AEMO's explanations around the purpose of its Low Fuel Scenario and how it intends to provide appropriate context around this in its Energy Adequacy Assessment Projections (EAAP). We also support the Reliability Standard Implementation Guidelines explicitly stating that only the most likely EAAP scenario would be subject to low reserve conditions declarations. AEMO will need to be cautious and vigilant on these matters, noting that other stakeholders have raised concerns about conservatism in forecasts, and the reporting of reliability outcomes will continue to be politicised. We therefore look forward to AEMO building on this exploratory work, including possible additional metrics and sensitivities around reliability risk.

Our understanding is that AEMO intends to collect and publish new energy limitation information in the 2023 EAAP. The EAAP is proposed to now be contained within the Electricity Statement of Opportunities by late August. Amendments to the EAAP Guidelines (the amended section 3.7) state that Generator Energy Limit Framework (GELF) and unplanned outage data would be collected by the end of April each year. For the upcoming 2023 publications, this creates a challenge as the proposed guideline changes would not be finalised until 30 April. We recommend AEMO liaise with participants to ensure they understand new reporting requirements and also determine feasible reporting dates with the bringing forward of all EAAP data collection. The willingness of parties aside, we question whether it is permissible for AEMO to prescribe a data submission deadline as the same day as those data requirements are finalised and formally communicated to affected participants. Even with adequate lead time, our expectation is that AEMO would need to spend further effort with stakeholders to

validate and potentially seek consistency across the first round of new GELF data submissions. Any data gaps or shortcomings in AEMO's subsequent analysis should be noted and we expect will improve over time. AEMO has some flexibility on data collection and reporting across its proposed set of changes, except those that give effect to the MT PASA rule change, so a work-around for the 2023 EAAP timings may be possible.

The proposed guideline changes and GELF reporting template appear to provide appropriate guidance in terms of energy limits arising from different constraints and over longer time horizons. While the Low Thermal Fuel scenario is anchored in a 90 percent probability of exceedance, there appears to be scope for reporting entities to use a wide range of approaches which AEMO may need to reconcile. Our expectation is that if participants provide the same level of detail as in the template's example explanatory notes, this will be sufficient for AEMO to correctly interpret and use the parameter data for its purposes.

In response to other elements of AEMO's draft decision:

- We appreciate the complexities in illustrating the impact of the full set of proposed changes and look forward to seeing analysis of unplanned outage changes at the Forecasting Reference Group meeting in June. Cornwall Insight<sup>1</sup> analysed the impact of amended commitment criteria implementation in relation to committed projects which suggests AEMO's proposed method will better align with actual commissioning dates. This seems to align with AEMO's justification for making said changes and it should be able to replicate Cornwall's analysis.
- We note AEMO's comments regarding the effect of lowering the minimum Unserved Energy (USE) percentage on previously determined reliability gap periods, as well as evidence from South Australia regarding the 'shape' of USE outcomes with higher rates of renewables penetration. It would be useful for stakeholders to see the analysis behind these comments. Modelling simulations for the Reliability Panel<sup>2</sup> appear to support the view that increasing reliance on variable renewable resources over the next several years may not materially alter USE outcomes on a seasonal basis and even daily basis. However data are only presented for Victoria and New South Wales. Noting it will have additional flexibility, AEMO should appropriately test the robustness of its proposed gap selection methodology in the face of increasing renewables penetration as this appears to be the main reason why its current methodology is no longer suitable.

If you would like to discuss this submission, please contact me on 03 9060 0612 or [Lawrence.irlam@energyaustralia.com.au](mailto:Lawrence.irlam@energyaustralia.com.au).

Regards

**Lawrence Irlam**  
Regulatory Affairs Lead

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<sup>1</sup> <https://www.cornwall-insight.com/our-thinking/chart-of-the-week/delays-to-nem-connections-and-accurate-forecasts/>

<sup>2</sup> <https://www.aemc.gov.au/sites/default/files/2022-08/IES%20-%20Final%20modelling%20report.pdf>, pp. 74-78.