

3 March 2023

Australian Energy Market Operator
Level 22
530 Collins Street
Melbourne VIC 3000

Submitted by email to energy.forecasting@aemo.com.au

NEM Reliability Forecasting Guidelines and Methodology Consultation

Snowy Hydro Limited welcomes the opportunity to comment on the Australian Energy Market Operator (AEMO)'s NEM Reliability Forecasting Guidelines and Methodology Consultation.

As Australia's energy system progresses through a structural adjustment towards lower emissions, challenges are arising to balance system security and reliability which are leading to significant reform changes from both the supply and demand side. The MT PASA updates are therefore important to accommodate for the continued transition and diversification of generation, load, and network requirements. We are supportive of amendments to the MT PASA that improve forecasting accuracy however the changes continue to require further consideration and, as they stand, could continue to lead to inefficient and inequitable market outcomes.

AEMO should be aware that any additional layer of mandatory reporting/data collection would be onerous on businesses and add further costs through the compliance obligations and IT changes that are required.

Energy Limits

The recent system energy stress is not simply the product of unrelated disturbances in the NEM, while the capacity crisis was averted for the short term, current AEMO wholesale market metrics did not reveal a potential squeeze on generator assets, and therefore system reliability. It is for this reason, Snowy Hydro welcomes the energy limit process change that has been provided for the MT PASA.

AEMO should however consider that non-scheduled and energy unlimited generation does not need to supply these numbers which could become an unfair burden on energy limited generation. This analysis is an important part of participants' assessment of their potential liabilities and opportunities from the changes in input that AEMO is assessing. AEMO should always be mindful of the burden the process could have on one group of market participants in providing this information. This will be an extra requirement on generators.

For non-scheduled generation, there is considerable risk in diluting the information available about demand and supply conditions or reducing the incentives for small or non-scheduled participants to strictly comply with established market procedures. AEMO should seek changes to non-schedule participants and demand otherwise the market will never have the full information it requires. There are already inadequate transparency requirements for non-scheduled customers, who are not required to notify the market of their intentions or bid into the market.

We support AEMO being more active in the market to accommodate inflexible generation and / or unpredictable demand over which it has reduced visibility. Individual aggregators or larger customers who want to participate in wholesale and energy services markets are relatively small individually but their cumulative impact is significant.

Unit Status and Recall times

Snowy Hydro is concerned with AEMO's request to publish a scheduled generating unit's availability or unavailability and the reason for its availability or unavailability and "unit recall time" to indicate the period in which the plant could be made available under normal conditions. This

may provide further transparency but the benefits will likely be extremely limited over a 36 month period. We are unclear about benefits AEMO will achieve from this additional information which will increase the burden on participants.

Any unit status or recall times reporting requirements greater than a one-year outlook, and as far in advance as 36 months, are likely to be inaccurate and an unhelpful guide for market planning. For example the difficulties when estimating generator recall times, particularly during an outage so far in advance, have not been adequately addressed by the proposed changes. It is critical that this new information obligation is understood by addressing concerns given the new information is linked to the PASA availability information and must also meet this standard.

IT Development

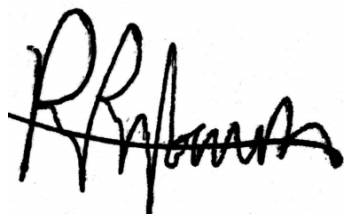
Snowy Hydro considers that the proposed changes to the outage status will require IT system upgrades and therefore add costs to our business. AEMO should consider providing a detailed assessment whether the benefits of the unit status outweigh the costs, especially on business, or AEMO should propose an extended transition period to give participants an appropriate lead to undertake the task, should they see benefits. Costs and practical challenges to change IT systems from stakeholders should not be ignored.

About the Snowy Hydro Group

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. Collectively, they retail gas and electricity in South Australia, Victoria, New South Wales, Queensland and the ACT to over 1 million customers.

Snowy Hydro appreciates the opportunity to respond to the Australian Energy Market Operator (AEMO) NEM Reliability Forecasting Guidelines and Methodology Consultatio. Any questions about this submission should be addressed to panos.priftakis@snowyhydro.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Panos Priftakis', written over a horizontal line.

Panos Priftakis
Head of Wholesale Regulation
Snowy Hydro

