



1 October 2024

Australian Energy Market Operator
Level 22, 530 Collins Street
MELBOURNE VIC 3000

Submitted by email to: NEMReform@aemo.com.au

Dear NEM Reform

Re: ST PASA Procedures and related documents

Stanwell Corporation Limited (Stanwell) welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO) National Electricity Market (NEM) Reform, and the development of the short-term projected assessment of system adequacy (ST PASA) Procedures.

As a major provider of electricity to Queensland, the National Electricity Market (NEM) and large industry users throughout Australia, Stanwell is invested in providing reliable and affordable energy for today and into the future.

Stanwell is committed to supporting State and Commonwealth Government emissions reduction targets, and in recognition of the changes that will need to occur in the energy market to achieve these targets, we are currently developing renewable energy, storage, and hydrogen projects and technologies within Queensland to support the transition to renewable energy and help to ensure Queensland electricity remains secure and reliable now and into the future.

This submission contains the views of Stanwell and should not be construed as being indicative or representative of the views or policy of the Queensland Government.

Stanwell acknowledges the work of AEMO in preparing the ST PASA consultation paper and consulting with industry on a proposal to develop and publish procedures for ST PASA. We welcome the opportunity to discuss further with AEMO and the ST PASA project team the concerns and topics raised in our submission.

While the proposed changes to short recall capacity and the maximum recall capacity within ST PASA will likely place an additional burden on market participants, Stanwell is of the view this may be manageable from an operational perspective, provided plant has the capability to deliver the megawatts (MW) submitted at the time and within the required timeframe. Stanwell also supports the proposal to discontinue the low reserve condition (LRC) analysis from ST PASA as we agree it serves no operational decision-making purpose.

However, we understand that lack of reserve (LOR) runs will continue in ST PASA with additional recall period timeframes now required in the bids. Stanwell has previously raised our concerns regarding the inclusion of lack of reserve (LOR) events in ST PASA, specifically the new proposal requiring participants to include their capacity related to LOR 2 and LOR 3 events.¹

In our view the inclusion of additional information during LOR events in the ST PASA time window places an onerous and unnecessary burden on market participants. For example, it can be difficult for generators to accurately assess the way a plant will operate during high stress system or market conditions when an LOR event is forecast. This is due to a number of factors including coal quality at the time, plant

¹ Stanwell Corporation Limited 19 July 2024 response to the Australian Energy Market Operator's ST PASA Project Consultation; see also AEMO ST PASA Procedure and Recall Period webpage at: < <https://www.aemo.com.au/consultations/current-and-closed-consultations/st-pasa-procedures-and-related-documents-consultation> and https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/st-pasa-procedures-and-related-documents/consultation-paper---st-pasa-procedure-final.pdf?la=en.

configuration, and the ambient conditions (noting ambient conditions such as wind direction, humidity, and temperature can change quickly during times of system and market stress), which also impact the forecast uncertainty measures (FUM).² These factors combined with the requirement to enter this information into multiple fields, multiple times, during times of system and market stress can make it extremely taxing and challenging for market participants to ensure that bids entered into ST PASA are accurate, a process that often requires multiple re-bids to be entered across multiple fields to mitigate the risk of inaccurate bidding, and ensure an accurate level of capacity is available.³

Currently during times of system stress there is a level of flexibility between AMEO and market participants where at AEMO's request, generators can assess their availability and provide a verbal update to AEMO prior to entering their capacity into ST PASA. As we see it, the proposal to include LOR 2 and LOR 3 capacity in the ST PASA time window removes this flexibility and may potentially impact the way assets are utilised during extreme or stressful market conditions.

Further clarity is required (that could be outlined in the ST PASA Procedures) to understand the ST PASA requirements for load and storage assets during LOR events. As more renewables enter the market, reliability risk will also change to account for deficiencies in energy supply because of shortfalls associated with unplanned weather events. While additional storage and load will be needed, it is unclear how bidding in capacity during LOR events will impact storage and load assets.

For example, it is unclear whether battery energy storage systems (BESS) will be restricted from trading opportunities and revenue generating potential because they may be required to 'save' their capacity to accommodate a forecasted LOR 2 or LOR 3 event (either days or even hours ahead within the ST PASA window). In either case, it is likely the inclusion of LOR 2 and LOR 3 capacity in ST PASA will inevitably place the asset manager at considerable risk of breaching an LOR 3 obligation at the two-hour notification window, and place additional strain on the system during an LOR 2 event when multiple megawatts of battery generation collectively switch to charging to ensure they have the capacity needed in the event of an actual LOR 3 event.⁴ This in turn may have implications with respect to battery charging and discharging cycles that may impact warranty conditions for BESS.

Stanwell acknowledges the development of the ST PASA Procedures will predominantly focus on how AEMO will prepare inputs for ST PASA, the methodologies AEMO will use to prepare ST PASA, and the information AEMO will publish. And while Stanwell supports this scope, we also believe the requirement for additional data inputs should not place an unreasonably onerous obligation on market participants, particularly during times of market and system stress when there is likely to be considerable uncertainty around the factors contributing to whether a unit can generate its actual bid in capacity.

In our view, any requirements that contribute to ST PASA outputs should provide efficiencies and additional benefits, and not place unnecessary reporting and compliance requirements on market participants. Based on our assessment of what is proposed in the ST PASA Procedures, the additional requirement to now include a recall period timeframe for LOR 2 and LOR 3 events in ST PASA places an additional and unnecessary burden on market participants and will work to erode much of the flexibility and collegiality that currently exists between AEMO and market participants.

Stanwell appreciates the opportunity to provide feedback on this consultation and we welcome the opportunity to discuss further any matters raised in this submission. Please direct any queries to Lya McTaggart by email at lya.mctaggart@stanwell.com.

Yours sincerely



Ian Chapman
Manager, Market Policy and Regulatory Strategy

² See AEMC National Electricity Amendment (Enhancement to the Reliability and Emergency Reserve Trader) Rule 2019.

³ Stanwell Corporation Limited 19 July 2024 response to the Australian Energy Market Operator's ST PASA Consultation.

⁴ Stanwell Corporation Limited 19 July 2024 response to the Australian Energy Market Operator's ST PASA Consultation.