

DRAFT MINUTES – Forecasting Reference Group (FRG)

MEETING: #7

DATE: WEDNESDAY 28TH AUGUST

CONTACT: Energy.Forecasting@aemo.com.au

ATTENDEES:

Attendee	Company	Site
Luke Sumner	AEMO	Adelaide
Roberta Maher	AEMO	Adelaide
Adam Day	AER	Adelaide
Andrew Turley	AEMO	Brisbane
Dane Winch	AEMO	Brisbane
Nick Culpitt	AEMO	Brisbane
Siobhan Attwood	AEMO	Brisbane
Ron Logan	ERM Power	Brisbane
Joe Hemingway	Stanwell	Brisbane
Ben Skinner	AEC	Melbourne
Ben Jones	AEMO	Melbourne
Dean Soste	AEMO	Melbourne
Rachael Saw	AEMO	Melbourne
Alessio Bonato	AGL	Melbourne
Peter Young	AGL	Melbourne
Norman Jip	DELWP	Melbourne
Richard Paprzycki	Energy Australia	Melbourne
Sujeewa Vithana	United Energy	Melbourne
Leslie Lay	AEMO	Sydney
Quinn Patterson	AEMO	Sydney
Alex Fattal	Origin Energy	Sydney
John Sligar	Sligar & Associates	Sydney
Arindam Sen	TransGrid	Sydney
Adam Beddison	AEMO	Teleconference
Daniel Guppy	AEMO	Teleconference
Kate Farnsworth	AEMO	Teleconference
Keith Ruddell	AEMO	Teleconference
Rimjhim Kapoor	AEMO	Teleconference
Roberta Maher	AEMO	Teleconference
Jacqui Bridge	AusNet Services	Teleconference
Nick Cimdins	AusNet Services	Teleconference
Sanju Vargeese	BHP	Teleconference
Paul Graham	CSIRO	Teleconference
Marino Bolzon	Department for Energy and Mining, SA Government	Teleconference
Bill Nixey	Department of Planning, Industry and Environment, NSW Government	Teleconference

Harrison Bradley	ElectraNet	Teleconference
Andrew Godfrey	Energy Australia	Teleconference
Georgina Snelling	Energy Australia	Teleconference
David Havyatt	Energy Consumers Australia	Teleconference
Craig Pollard	Energy Queensland	Teleconference
Jakes Jacobs	Energy Skills QLD	Teleconference
Pippa Williams	Hydro Tasmania	Teleconference
Ju-Ai Ng	Jemena	Teleconference
David Headberry	Major Energy Users	Teleconference
Jennifer Brownie	Queensland Electricity Users Network	Teleconference
Rory Holmes	Stanwell	Teleconference
Herath Samarakoon	Tas Networks	Teleconference
Herath Samarakoon	TasNetworks	Teleconference

1. Welcome and Introductions

Andrew Turley (AEMO) welcomed everyone to the August FRG meeting.

2. Presentation 1: 2019 Electricity Statement of Opportunities (ESOO) Recap

Andrew Turley (AEMO) presented on the main highlights of the recently published 2019 Electricity Statement of Opportunities (ESOO)¹. Outages in Victoria over the coming summer were discussed in detail.

Key topics raised by stakeholders during this section included:

- Ron Logan (ERM Power) expressed concerns over the use of the 2019 ESOO to communicate potential short-term reliability risks, particularly around the upcoming summer in Victoria. Andrew Turley (AEMO) emphasised that the weighted expectation of outages for the Mortlake and Loy Yang A units was a necessary inclusion to ensure the market and participants are informed of any and all potential reliability gaps.

3. Presentation 2: Seasonal Generator Ratings

Nick Culpitt (AEMO) presented on seasonal generator ratings for the 2019 ESOO. The discussion centered around new ways of applying summer deratings to effectively model unserved energy without overstating the effect of high temperatures and demand on generator availability.

Key topics raised by stakeholders during this section included:

- David Headberry (Major Energy Users) enquired about whether the effect of radiant heat is being considered alongside ambient temperature on Solar and

¹ <https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/NEM-Electricity-Statement-of-Opportunities>

Wind in particular. Nick Culpitt (AEMO) explained that this is captured by using historical reference data in developing solar and wind traces, and that AEMO's generation information surveys ask participants to provide seasonal availabilities taking this into account. Nick suggested that perhaps this could be stated clearer within the advice we give to participants when filling out these surveys ([Action 3.1](#)).

- Jennifer Brownie (QEUN) enquired about how we consider temperature to power conversion for Wind Farms, particularly for differing turbine sizes, as this information is not provided by participants. Andrew Turley (AEMO) explained that temperature effects are captured by correlating historical BOM reference weather data at the closest weather node to particular solar and wind farms with historical generation data where available to develop traces that account for temperature effects.
- Ron Logan (ERM Power) noted that, based on prior discussions, it would be advantageous to hold a session specifically on trace use and development. Andrew pointed out that this information can be found in the 2019 Market Modelling Methodology document² which has been quite recently updated, or in the ESOO methodology document³ to see more specifically how this applies to the ESOO. Andrew said that he would be happy to look into whether showcasing on this topic would be beneficial in future FRG meetings ([Action 3.2](#)).
- Peter Young (AGL) asked whether the new summer ratings method would be applied only to POE 10 demand traces or all traces. Nick stated that this was not yet decided, but suggested applying the deratings to the top ten POE 10 demand days and only the top two POE 50 demand days.
- Ben Skinner (AEC) spoke in support of the new derating method, expressing concern that deratings applied to the entire summer period in previous modelling may have unduly restricted generators during more mild summer conditions. Nick explained that previously in some models, deratings were modified on an ad hoc basis where they were seen to be having an undue distortion effect.
- Joe Hemingway (Stanwell) noted that conditions at the generator site can be very different to the conditions at the load centre especially in Queensland where they can be very far apart, and that this could be a consideration for future modelling.
- Ron Logan (ERM Power) noted that continued deratings following a peak demand day may not be applicable to a lot of generators.
- Ron Logan (ERM Power) asked if the new derating method could be applied to MT PASA. Nick Culpitt (AEMO) indicated that doing so would be difficult to

² <https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/Inputs-Assumptions-and-Methodologies>

³ <https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/NEM-Electricity-Statement-of-Opportunities>

implement and could be impacted by the rules, and that any changes would require more thought.

4. Presentation 3: Thermal Power Station Retirement and Revenue Sufficiency

Luke Sumner (AEMO) presented an approach to revenue sufficiency for assessing thermal power station retirements. Topics included a proposed revenue sufficiency approach, its application in the upcoming 2019 Integrated System Plan (ISP), and other factors that may influence thermal power station retirement.

Key topics raised by stakeholders during this section included:

- Ron Logan (ERM Power) noted that generators may reduce their fixed operating and maintenance costs by allowing units of a thermal power station to sit out of service during certain months of the year. Luke Sumner (AEMO) responded with agreement that further discussion is required to reconcile a method for calculating how much such costs would reduce by when units are taken out of service. (Action 4.1)
- Ron Logan (ERM Power) noted as an example that a plant may become revenue sufficient in a third consecutive year of operation following two years of insufficient revenue, but the proposed approach of using two consecutive years would not capture this
- Joe Hemingway (Stanwell) suggested that the number of consecutive years of revenue insufficiency should be three years, to align with the reporting obligations of generators to provide three-year notice of closure dates to AEMO
- David Headberry (Major Energy Users) asked whether a single model or a suite of models was required for determining thermal retirements, combining the revenue sufficiency approach with other approaches. Luke Sumner (AEMO) replied that such an approach is challenging due to a lack of precedent, and that past performance is not necessarily an indicator of the future.
- Jennifer Brownie (QEUN) noted that shareholder motions are a significant factor influencing thermal retirements in today's climate, for example a result of commitment to the Paris Agreement. Luke Sumner (AEMO) questioned whether there is an intelligent and fair way of accounting for shareholder motions, and noted that it may be an area worth exploring. Nick Culpitt (AEMO) added that it is difficult to translate influence into something that can be implemented in a model, as influence is not always successful.
- Luke Sumner (AEMO) requested the FRG to consider open items of discussion around AEMO's approach to revenue sufficiency, and other possible approaches that would improve plant-at-risk modelling and forecasting integrity for the ISP (Action 4.2).

5. Meeting Close

The next FRG meeting is scheduled for Wednesday 25th September 2019.

Forecasting Reference Group (FRG) Actions Items

Item	Date Raised	Topic	Action required	Responsible	By	Status
3.1	28/08/2019	Generation Information survey formatting	Review the advice given to participants when asking them to provide seasonal availability	Nick Culpitt	TBC	OPEN
3.2	28/08/2019	Trace Methodology Session	AEMO to assess efficacy of trace session in FRG	Andrew Turley	25/09/2019	OPEN
4.1	28/08/2019	Power Station FOM Costs	AEMO to ask power station operators how FOM costs can be adequately modelled during times when units are allowed to sit idle	Luke Sumner	TBC	OPEN
4.2	28/08/2019	Revenue Sufficiency Approach	FRG participants to provide feedback to the forecasting inbox on AEMO's proposed revenue sufficiency approach and other possible approaches	FRG participants	25/09/2019	OPEN