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Rebidding and technical parameters guideline review 2016

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Australian Energy Regulator (AER) for the Rebidding and Technical Parameters Guideline Review 2016.

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

In general, the draft guidelines are consistent with the existing guidelines that were published in 2009. The Energy Council supports the continuity of approach in the Guidelines and presents some specific comments in the following sections of our submission.

Legal status (sections 1 and 7)

Section 1 of the draft guideline contains the following new text:

“The information in this guideline is for general guidance only. It does not constitute legal or other professional advice, and should not be relied on as a statement of the law in any jurisdiction. Because it is intended only as a general guide, it may contain generalisations. Relevant participants should obtain professional advice for specific concerns.”

It is the Energy Council’s understanding that the National Electricity Rules (NER) sections 3.8.3A(f) and (g), 3.8.19(b)(2), 3.8.22(f) require the AER to produce guidelines in accordance with the Rules Consultation Procedure. It would be beneficial for the AER to provide clarity as to whether the relevant sections of this guideline are general guidance or guidance in accordance with NER requirements.

Section 7 of the draft guidelines refers to a separate document for the procedures for handling confidential information claims in respect of clauses 3.8.22(c)(3) and 3.8.19(b)(2). The Energy Council consider that clarification should be provided on this approach and how the approach will remain consistent with the NER requirement that the guidelines be produced in accordance with the Rules Consultation Procedure. For example, the reference to the external document could be clarified to apply the version which is published at the time of a Rules Consultation, or the external document itself could be subject to a Rules Consultation Procedure.

Ancillary service offers (section 2.3)

The draft guidelines reflect a change in approach to ancillary service offers compared to the 2009 guidelines. The draft guidelines require increased rebidding activity from market ancillary service providers, including in relation to changes which were previously considered “minor variations”.

This is consistent with the AER’s contemporary approach to technical compliance with other offer-related Rules clauses, and is reflected in the removal of the paragraph:

“The AER is cognisant of the practical difficulties of ensuring that the exact technical characteristics of plant at any point in time are reflected in bids precisely. Accordingly, it is not expected that participants should constantly rebid to update minor variations in plant characteristics. However, it is expected that more significant variations would be updated quickly.”

The AER should clarify whether increased rebidding activity is an intended consequence of the revised guidelines.

Information to be provided in a rebid reason (section 3.2.1)

The draft guidelines are unclear about the intent of “see log” references, and as currently drafted the guidelines may require traders to retrospectively enter information. We would seek that this section could better clarify the requirement.

Contemporaneous records (section 3.2.2)

The draft guidelines state:

“In respect of the reasons for making the rebid, we expect relevant participants to include more detailed information in the contemporaneous record than that provided in the rebid reason.”

The reasons provided to AEMO for a large proportion of rebids are transparent and non-contentious. For example, rebids to match offered availability with plant conditions. In these instances it is unlikely that more detailed contemporaneous records would provide any useful service, and in this respect we note the guidelines may be intended to provide “general guidance” only.

Requirement to rebid as soon as practicable (section 3.3)

The Energy Council consider that the description in section 3.3 is ambiguous, as is the commentary around the Rule change and request more precise language is used to avoid “false positive” bias. In particular, the final sentence mischaracterises a complex issue.

“...that delay solely due to the convenience of the relevant participant is unlikely to be a relevant consideration.”

The issue of concern identified in the Rule change process was the potential for deliberately delayed rebids to preclude or reduce competition. The Energy Council suggest that this sentence should be reframed to represent the issue the AER is attempting to resolve – for example:

“...that delay solely or primarily to provide commercial advantage to the relevant participant is likely to be a primary consideration.”

As an example of the difference, a trader may be in a meeting when they receive notification of a changed weather forecast or testing regime applicable to the following afternoon. It may be practical but inconvenient to leave the meeting and revise the offer immediately. However, it is unlikely that waiting the typically short time until the meeting is completed before entering a rebid would impair market efficiency or diminish competition given the long lead time before the relevant period.

Form of rebid (section 3.4)

The Energy Council does not support the proposed reorganisation of the general form of the rebid reason.

Participants have invested in systems based on the current format which places a timestamp first and category second. This process relates to both systems to produce compliant rebid reasons and systems to review market rebid reasons. The proposal to move the category label to occur prior to the timestamp(s) appears to incur cost for no benefit. We encourage the AER to retain the current prefix arrangements which are “HHMM Category”.

The Energy Councils finds that the proposed inclusion of a second timestamp should be an optional field occurring after the Category label. We note that the second timestamp in the reasons provided to AEMO is not a Rules requirement, and is unlikely to be accounted for in most participants’ systems at this stage despite significant investments that were made to prepare for the introduction of the revised rebidding Rules. Adjusting systems now to include a second timestamp is likely to require disruptions to the delivery of participants’ other information technology related requirements. An optional field would allow participants to schedule such changes to integrate with other system maintenance and enhancement tasks, decreasing overall costs.

Errors (section 6)

The draft guidelines appear to confirm that all errors in rebids will be considered “material errors” under the new rebidding Rules. If the errors are material, the AER should be alerted within two business days of the error being found. The Energy Council request clarification of whether submitting an “E” rebid discharges the expectation that a market participant report the material error to the AER.

Any questions about our submission should be addressed to Emma Richardson, Policy Adviser by email to emma.richardson@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,



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