

A few  
words.

**9 November 2016**

Mr Peter Adams  
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Australian Energy Regulator  
PO Box 520  
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**by email:** [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)

Dear Peter

**Re: Rebidding and technical parameters guideline review**

AGL Energy (AGL) welcomes the opportunity to comment on the Australian Energy Regulator's (AER) Rebidding and Technical Parameters Guideline (Guideline) review.

AGL is one of Australia's leading integrated energy companies and largest ASX listed owner, operator and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional generation fuel sources as well as renewable sources. AGL is also a significant retailer of energy, providing energy solutions to over 3.7 million customers throughout eastern Australia.

AGL agrees that a review of the Guideline is appropriate given the current version was last published in 2009 and that the Guideline needs amending to better reflect the changes to the Rules that came into effect on 1 July 2016. However, at the outset AGL notes that it does not support any administrative amendments that require costly changes to procedures or participant systems, including those of the Australian Energy Market Operator (AEMO), that are unlikely to provide material benefits to the market overall.

Furthermore, AGL contends that whilst the Guideline is issued to provide technical details for clauses: 3.8.3A(f) and (g); 3.8.19(b)(2); and 3.8.22(c)(3) of the National Electricity Rules (Rules) it should not extend the obligations under the Rules. Consequently, although AGL is broadly supportive of the proposed changes to the Guideline, it considers a number of elements require further clarification, amendment or removal.

Market ancillary services

The changes in section 2.3 with regard to ancillary services are largely functional. However, AGL is concerned with the excision of the following paragraph from the guideline:

*"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."*

This clause recognised that participants should not need to rebid ancillary services because of minor variations which were considered 'normal' and are largely immaterial in terms of their market impact.

Participants such as AGL are participating in up to 8 Frequency Control Ancillary Services (FCAS) so being required to rebid in FCAS for all minor changes would increase the administrative workload eightfold. AGL submits that the AER should reinsert this paragraph or clarify that it is not its intention to require the rebidding of all ancillary services, no matter how minor, with this change to the Guideline.

### Rebidding

Section 3 of the new Guideline contains the most significant amendments in order to reflect the "*Bidding in Good Faith*" Amending Rule 2015 No. 13. This Rule Change introduced a number of new requirements for participants including further contemporaneous record-keeping obligations on participants who make a rebid during the late rebidding period.

The Rules now require that any contemporaneous records for a rebid made in the *late rebidding period* must include two time stamps:

- the time at which the relevant event(s) or other occurrence(s) occurred; and
- the time at which participant first became aware of the relevant event(s).

Although the provision of two time stamps only relates to contemporaneous records for "late rebids", its incorporation in the Guideline effectively extends this obligation to all rebids.

Accordingly, AGL considers that the proposal to include two time stamps within the Guideline is in excess of the rules and introduces unnecessary additional manual workload – increasing administrative costs – and complexity to the rebidding process. AGL contends that the two time stamps should only apply to offers in the late rebidding period and that the AER should amend the Guidelines such that current procedures and systems continue to apply for bids outside of the late rebidding period.

AGL also notes that Section 3 of the Guideline includes an amendment to change the order of the components of the rebid reason in order to accommodate the two time stamps being proposed for all rebids. This will likely require changes to participants, and AEMO, systems for little discernible benefit. If the requirement to supply two time stamps is quarantined to the specific offers as deemed by the Rules, then this proposal should also be reversed by the AER.

Should you have any questions in relation to this submission, please contact me on (03) 8633 6207.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Simon Camroux', written in a cursive style.

Simon Camroux  
Manager Wholesale Markets Regulation