

# Compliance update

## Information to be provided to AEMO

With the National Electricity Market (**NEM**) currently facing considerable challenges, it is essential for participants to provide high quality and timely information to AEMO to ensure it can maintain a safe, secure and reliable power system.

The purpose of this compliance update is to provide guidance to participants on critical obligations to provide information to AEMO under the National Electricity Rules (**NER**), with a focus on the submission of energy limits through the Projected Assessment of System Adequacy (**PASA**) process and risks to power system security.

While this update has its genesis in assisting participants during the current situation, it is our expectation that participants maintain focus on these obligations at all times. Participants should review their practices in light of the information set out in this compliance update and amend them as appropriate.

More information on these obligations can be found in the AER's [NEM Summer Readiness Compliance Bulletin and Checklist](#).

## Energy Limits

Recent challenges with fuel availability and quality have impacted some participants' ability to operate. Where a scheduled generating unit or scheduled load is energy constrained, the relevant Scheduled Generator or Market Participant must convey this to AEMO through short term (**ST**) PASA daily energy limit submissions.<sup>1</sup> Similarly, weekly energy constraints must be conveyed through medium term (**MT**) PASA submissions.<sup>2</sup> We expect all generators to be mindful of applicable energy limits across the ST and MT PASA timeframes and communicate them to AEMO through these processes.

The factors to be taken into account when determining daily energy limited availability and weekly energy constraints are specific to generator type but may include transportation, on-site storage, refuel rates, coal quality and gas pipeline linepack.

The submission of energy limits is critical to AEMO's identification of Lack of Reserve (**LOR**) conditions and actions to respond to those conditions. As the fuel availability situation is constantly evolving, it is critical that participants monitor their fuel availability and update PASA submissions to reflect any changes, to ensure PASA forecasts are made using the most accurate information.

We encourage participants to consider the following guidance on how to submit energy limits to AEMO:

- Ensure consistency of submissions in ST PASA and MT PASA, recognising that these timeframes are linked. Any energy limits which apply at the end of the

---

<sup>1</sup> NER clause 3.7.3(e)(4).

<sup>2</sup> NER clause 3.7.2(d)(2).

ST PASA timeframe will also apply at the start of the MT PASA timeframe and submissions to the two processes should reflect this.

- If fuel is limited or not available (e.g. due to spot market gas shortages, or coal supply/quality issues), consider:
  - the time period that the limit will likely apply for and reflect the limit in your submissions over that whole period. It is not sufficient to submit the limit for the next day or two, it should be submitted across the whole period where the limits are likely to continue; and
  - how fuel will become available again. That is, will the fuel supply be fully replenished immediately (a step change), or will it return gradually. Submissions should accurately reflect this.
- Submit energy limits that represent a probability-weighted most likely view of fuel availability, rather than an optimistic view as this alerts AEMO to potential risks. Where the view changes and the energy limit submitted is no longer the most likely view, submit updated inputs to AEMO.
- For MT PASA, submit sustainable weekly limits that reflect the long term capability of the plant, not a limit for the week considered in isolation.
- Provide AEMO with qualitative information relevant to energy limit submissions. This can be done using the rebid reason field or, if the situation cannot be accurately reflected that way, by contacting AEMO.

We note that the MT PASA timeframe is critical to AEMO's early detection of LOR conditions. We expect participants to apply the same level of rigour to determining, submitting and updating MT PASA inputs as is applied to ST PASA inputs.

## Information regarding power system security risks

Clause 4.8.1 of the NER requires a Registered Participant to promptly advise AEMO or a relevant System Operator (usually a Transmission Network Service Provider) at the time that the Registered Participant becomes aware, of any circumstance which could be expected to adversely affect the secure operation of the power system or any equipment owned or under the control of the Registered Participant or a Network Service Provider (**NSP**). There are additional requirements on System Operators and NSPs in clauses 4.3.3(e) and 4.3.4(a) regarding communicating power system security to AEMO.

There is a wide range of potential risks to power system security, and the issue of what constitutes a risk to power system security is always evolving. Detailed guidance on the types of information to be communicated to AEMO or a relevant System Operator under clause 4.8.1 can be found in the [NEM Summer Readiness Compliance Bulletin and Checklist](#). In the current environment of issues with fuel supply and a large number of plant outages, we remind participants to promptly notify AEMO or a relevant System Operator in relation to the following circumstances:

- supply issues, including potential fuel shortages;
- unplanned outages (including plant trips) and planned outages; and
- plant tests or high-risk maintenance work that may cause disturbances.

June 2022

We recommend Registered Participants (including all generators, NSPs, Demand Response Service Providers and (market) customers) ensure they have in place up-to-date procedures and communication protocols to identify and communicate plant or equipment issues that have occurred or are likely to occur. This includes:

- **alarm/alert prioritisation processes** that assist operational and trading staff to focus on plant issues needing the most immediate attention and assist operational staff in determining the state of equipment under their control. These processes are likely to be most effective where alarms are easily distinguishable to operational and trading staff and their managers (e.g. through sounds, priority rankings, highlighted text, recurring notifications and/or text messages). Conversely, where alarms are only displayed in a scrolling queue on a screen, it may be very difficult for operational and trading staff to see and respond to critical alarms and identify risks to the wider power system;
- **internal communication protocols** that cover communication of plant or equipment issues with all relevant internal stakeholders. This includes, but is not limited to, communication between operational and trading staff; and
- **joint communication protocols between generators and NSPs** for communicating risks and potential actions to one another during power system emergencies or periods of heightened risk to power system security.

All procedures and protocols should include detailed considerations or steps to be taken by each party to address known risks to the plant or equipment. In relation to joint communication protocols between generators and NSPs, this may include the steps required to safely disconnect plant or equipment from the power system.

## More information

Participants often contact the AER seeking clarification of relevant NER obligations. While the AER does not provide legal advice, we encourage participants to continue doing this as these communications, along with our ongoing monitoring and compliance work, will inform our policy position and assist us to determine whether further AER guidance may be appropriate.

© Commonwealth of Australia 2022

This work is copyright. In addition to any use permitted under the *Copyright Act 1968* all material contained within this work is provided under a Creative Commons Attributions 3.0 Australia licence with the exception of:

- the Commonwealth Coat of Arms
- the ACCC and AER logos
- any illustration diagram, photograph or graphic over which the Australian Competition and Consumer Commission does not hold copyright but which may be part of or contained within this publication.

The details of the relevant licence conditions are available on the Creative Commons website as is the full legal code for the CC BY 3.0 AU licence.

June 2022

Inquiries about this publication should be addressed to:

Australian Energy Regulator

GPO Box 3131

Canberra ACT 2601

Tel: 1300 585 165