



**EnergyAustralia**

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Dear Mr Adams

Lodged by email: [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)

### **AER draft amended Rebidding and Technical Parameters Guideline September 2016**

EnergyAustralia is one of Australia's largest energy companies with over 2.5 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own and operate a multi-billion dollar energy generation portfolio across Australia, including coal, gas, and wind assets with control of over 4,500MW of generation in the National Electricity Market.

EnergyAustralia appreciates the opportunity to respond to the draft amended Rebidding and Technical Parameters Guideline. We support the AER's provision of guidance to the industry on this fundamentally important change to the Rules. Given the potential risks from these changes to participants rebidding their generation, it is vital that the guidance provides clarity to participants and is consistent with the Rules. Any inconsistency may leave participants unable to be sure they are meeting their obligations when rebidding. We do have some concerns as outlined below that aspects of the guidelines either appear to extend obligations beyond those required by the Rules, or provide guidance that is inconsistent with the Rules.

#### **Form of rebid (section 3.4)**

The form of rebid described by the AER in section 3.4 requires more information than the requirements described in the Rules. The Rules do not require the HHMM1 element - the time at which the relevant participant becomes aware of the change in material conditions or circumstances - for anything other than rebids made in the late rebidding period. Importantly, the Rules do not require this information is provided to AEMO as part of a rebid, but only that it is required to be recorded as part of a contemporaneous record. While we understand the rationale behind seeking a consistent approach to all rebids, we note that the retraining costs and cost to adjust systems are likely to be disproportionate.

In cases where a rebid, that is not made in the late rebidding period, does not meet this form of rebid under the guideline, we are concerned that we will be asked to provide this detail as a matter of practice. This could add regulatory burden even when the information required under the guideline would be immaterial, or not obligated to be provided under the Rule.

### **Ramp rate guidance (section 2.1.3)**

The guidelines state that for a scheduled generating unit or semi scheduled generating unit that is aggregated, the lower of three per cent of maximum generation or 3 MW per minute should be applied to individual physical units, then summed. The guidelines then suggest, although they do not explicitly state, that after this aggregation and summing has occurred the number is then rounded down to the nearest 1 MW per minute.

This guidance may be interpreted in a manner contrary to the Rules. The Rules require that a generating unit's ramp rates are rounded down to the nearest 1 MW per minute. This relates to individual generation units, and thus the rounding would occur before summing to reach the scheduled generator's minimum ramp rate.

The difference in interpretation of the calculation methodology could result in not-insignificant variations to the ramp rates for aggregated generators.

### **Testing (section 2.2.4)**

Tests that require plant operation at a consistent level call for an inflexible bid to be submitted to AEMO. These tests are generally scheduled in times of stable market conditions and often can be cancelled mid-test in response to volatile prices. The guidelines seem to imply that more than the inflexible bid and corresponding rebid reason is required in all cases, stating that "*in order for system security to be appropriately managed, relevant participants should advise AEMO as soon as they recognise the need for a test that requires an inflexible bid*". This is not consistent with the Rule.

It is appropriate that the traders retain discretion as to when to contact AEMO to discuss inflexibility requirements for testing, based on the likelihood of these requirements potentially impacting system security. The requirements under the guideline could result in a very high volume of contacts between participants and AEMO, in circumstances where no benefit is derived.

### **Change to forecast (section 3.2.1)**

In section 3.2.1 the AER has stated that:

*If a change to an AEMO forecast is the reason for a rebid, where possible, the reason should provide the original forecast and the revised forecast. If the event relates to technical plant conditions, the information provided to AEMO should include the time the condition was identified and a brief, verifiable and specific explanation of that condition.*

Often a decision is made based on a revised forecast, or an observed material change to the market, with little consideration of the forecast assumed in the original bid. These original forecasts that do not stand out are likely to pass by unnoticed. It is unclear what will be gained from capturing this additional information (which may be subjective) and which is not directly pertinent to the rebidding decision.

We note that the section states this information should be given "where possible", however we consider that it may be more useful to have this information provided "where reasonable".

If you would like to discuss this submission, please contact Ben Hayward on (03) 8628 4518, or Chris Streets on (03) 8628 1393.

Regards

**Melinda Green**

Industry Regulation Leader