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Dear Registered Participants

AER expectations of Registered Participants following resumption of spot market operation

AEMO has [announced](#) that a staged approach to lift the market suspension in all regions was to commence at 0400 AEST today, with the market again being allowed to set the price.

I am writing to reiterate the AER's expectations for compliance with various critical obligations as the spot market returns to regular operation. This is in addition to:

- correspondence issued by the AER to generators on 14 June 2022 and available on [our website](#) concerning an observed withdrawal of available capacity from the market; and
- my guidance at the industry conference on 15 June 2022 regarding the AER's compliance expectations during the suspension period.

While the market is moving out of suspension, the National Electricity Market (**NEM**) is still facing considerable challenges and it is essential for Registered Participants to comply with their obligations under the National Electricity Rules (**NER**) to ensure AEMO can maintain a secure and reliable power system.

AER expectations

Market Participants should not withhold capacity in order to be directed on by AEMO. Specifically, Market Participants are reminded that they must not cause or significantly contribute to the circumstances causing a direction to be issued, without reasonable cause in breach of cl 4.8.9(c2) of the NER. The AER can apply to the court for it to determine that a Directed Participant has breached cl 4.8.9(c2) of the NER, and if so, the participant shall not be entitled to, and must repay, any compensation, in accordance with cl 3.15.10C(c) of the NER. The AER is currently reviewing Market Participant conduct and will take action should material misconduct be identified.

Despite the spot market resuming, AEMO may still need to issue directions to Registered Participants under cl 4.8.9 of the NER to ensure the safe, secure and reliable functioning of the NEM. A Registered Participant must use its reasonable endeavours to comply with such directions unless to do so would, in the Registered Participant's reasonable opinion, be a hazard to public safety, or materially risk damaging equipment, or contravene any other law.

Further, Market Participants should submit timely and accurate information to AEMO about plant availability over different time horizons including by:

- submitting Short Term Projected Assessment of System Adequacy (**ST PASA**) inputs under NER cl 3.7.3(e) to assist AEMO's identification of Lack of Reserve conditions. This information is critical in order for AEMO to efficiently operate the NEM. Further, under cl 3.13.2(h), Market Participants must notify AEMO of any changes to submitted information within the prescribed timeframes;
- conveying daily energy availability for the ST PASA and dispatch timeframes, and weekly energy constraints for Medium Term Projected Assessment of System Adequacy (**MT PASA**). Market Participants must take a number of factors into account when determining their daily energy limited availability. These factors are specific to generator type but may include transportation, on-site storage, refuel rates, coal quality and gas pipeline linepack. Where a participant considers its access to fuel to be unconstrained and submits to AEMO under cl 3.7.2(d), 3.7.3(e) or 3.8.4(c) accordingly, we expect the participant to monitor its fuel availability and update its submissions to AEMO if this changes;
- submitting accurate dispatch offers, dispatch bids and rebids. Cl 3.8.22A of the NER sets out that Market Participants must not make a dispatch offer, dispatch bid or rebid that is false or misleading. Specifically, cl 3.8.22A(b) states that an offer/bid or rebid will be deemed to be false or misleading if the party making it does not have a genuine intention to honour it or does not have a reasonable basis for making the offer; and
- pursuant to cl 4.9.9,¹ notifying AEMO without delay of any event which has changed, or is likely to change, the operational availability of any of its scheduled generating units, whether synchronised or not, as soon as it becomes aware of the event.

Under cl 4.8.1 of the NER, a Registered Participant must also 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 cl 4.3.3(e) and 4.3.4(a) regarding communicating power system security to AEMO.

Finally, pursuant to cl 3.14.4(f), AEMO will undertake an investigation of the spot market suspension. The investigation will examine and report on the reason for the suspension and the effect that the suspension had on the operation of the spot market. We expect Registered Participants to co-operate in AEMO's review, including by making available relevant records and information upon request, in a timely manner.

The AER will continue to monitor Registered Participant compliance with these obligations to enable AEMO to operate the NEM as securely and efficiently as possible following the resumption of the spot market. Should the AER detect material breaches of obligations by Registered Participants, enforcement action will be considered.

Please also find attached a compliance update to provide further guidance on critical obligations to provide information to AEMO under the NER, with a focus on the submission of energy limits through the PASA process and the communication of risks to power system

¹ Clause 4.9.9 applies to Scheduled Generators. Clauses 4.9.9A, 4.9.9B, 4.9.9C, 4.9.9D and 4.9.9E contain equivalent requirements for other participants in relation to their scheduled network services, market ancillary services, inertia support activities, inertia network services, system strength services and wholesale demand response units, as relevant.

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

[REDACTED]

Yours sincerely

A handwritten signature in grey ink, appearing to be 'CS' with a flourish extending to the right.

Clare Savage
AER Chair