



AGL Energy Limited
ABN: 74 115 061 375
Level 24, 200 George St
Sydney NSW 2000
Locked Bag 1837
St Leonards NSW 2065
t: 02 9921 2999
f: 02 9921 2552
agl.com.au

Graham Mills

Australian Energy Market Commission

GPO Box 2603

Sydney NSW 2001

15 January 2021

AEMC Draft rule determination – Semi-scheduled generator dispatch obligations

AGL Energy (**AGL**) welcomes the opportunity to comment on the Australian Energy Market Commission's (**AEMC**) draft rule determination (**draft rule**) on semi-scheduled generator dispatch obligations.

AGL is one of Australia's largest integrated energy companies and the largest ASX listed owner, operator, and developer of renewable generation. AGL is also a significant retailer of energy and telecommunications, providing solutions to around 4.2 million across Australia.

We support the intended purpose of draft amendments to the National Electricity Rules (**NER**), requiring semi-scheduled generators to meet dispatch targets specified by Australian Energy Market Operator (**AEMO**).

This rule change aims to better align the obligations on semi-scheduled generators with the stricter requirements on scheduled generators to comply with dispatch instructions. In particular, we understand the draft rule is intended to address concerns that some semi-scheduled generators are deviating from their forecasts, without rebidding, during negative price dispatch intervals, and that this behaviour is impacting AEMO's ability to manage the power system.

Semi-dispatch intervals

Should the rule be made, AGL would urge the Australian Energy Regulator (**AER**) to provide renewed industry guidance on compliance for semi-scheduled generators during a semi-dispatch interval. At present, it is not clear if AEMO and the AER are aligned on when a participant is deemed non-compliant.

AEMO's System Operating Procedure SO_OP_3705 states that detection of non-compliance is based on two error thresholds, being the small and large error trigger, each with a 6MW minimum error trigger threshold. It is not clear whether the AER will also consider a MW error margin in determining NER compliance.

Our experience to date suggests that the AER takes a firmer position on generators exceeding the MW cap in a semi-dispatch interval. To address potential concerns, we have investigated control system changes or other adjustments to keep generator output below the cap, while staying as close as possible to the nominated dispatch level. For example, during semi-dispatch intervals, a “margin of error” could be programmed into the control system by setting the level of power supplied by the generator at 98 or 99 per cent of the dispatch level (cap). The aim of this would be to ensure the dispatch cap is not exceeded.

Our concern is that by taking any such action to ensure MW output remains close to, but ultimately below the dispatch cap, a generator may not be complying with draft clause 4.9.8(a2)(1), which provides as follows:

A Semi-Scheduled Generator is not taken to have failed to comply with a dispatch instruction as a consequence of:

- (1) in a semi-dispatch interval, the level of power supplied by the generating unit being less than the dispatch level nominated in the dispatch instruction, to the extent that the shortfall is the result of resource availability;*

Our understanding of the draft clause is that in a semi-dispatch interval, the generator’s output can only be less than the dispatch cap, where that lesser MW output is the result of resource availability. Thus, in the absence of a resource availability issue, the generator is precluded from taking action in good faith to ensure the cap is not exceeded. The draft rule requires perfect compliance at all times, which despite the best efforts and intentions of the generator, will not be possible.

AGL’s suggestion is that either the rule make reference to generators acting in good faith, or that the AER provide the market with some assurance that their approach to enforcing compliance with the new rules will recognise where generators are taking all reasonable steps in order to comply with both of these rules.

Complementary reforms

AGL has identified areas that would benefit from consideration by market bodies, to further bolster the semi-scheduled dispatch obligations rule.

The draft rule will require semi-scheduled generators to meet a MW target at the end of a dispatch interval, for intervals where no dispatch cap applies. The MW target will reflect the participant’s unconstrained intermittent generation forecast (**UIGF**).

In determining their UIGF, many participants are self-forecasting rather than relying solely on Australian Wind Energy Forecasting System (**AWEFS**) or Australian Solar Energy Forecasting System calculations. Given the increased importance the draft rule would place on the UIGF’s accuracy, we see a benefit in mandating industry wide improvements to self-forecasting in the near future.

Measures AGL has identified and previously noted to the AER include:

- Requiring semi-scheduled generators to implement a local limit signal and ensuring this is configured consistently (i.e. consistently include or not include factors such as temperature de-rates or mechanical de-rates). For semi-scheduled generators to achieve this, it would require coordination with and, assistance from, third parties, including network service providers and contractors, where the latter group includes engineering, procurement and construction and operations and maintenance.

- For wind farms, using the average wind speed and ambient temperature of all wind turbines as the inputs to AWEFS, as this produces more accurate forecasts compared to using single turbine, met masts or average of met masts values.

Finally, there is a lack of formal guidance for industry on acceptable classes of equipment to be used for SCADA purposes. This compromises the ability to determine if a participant is meeting dispatch targets, or not, and could also impact AEMO's management of the power system. It may be appropriate for AEMO to issue guidance on the required equipment classes and for this guidance to be made under the NER. A common 'standard' for SCADA equipment would help ensure that AEMO receives consistent, higher quality information from all participants.

If you have any queries about this submission, please contact Liz Gharghori on (03) 8633 6723 or lgharghori@agl.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Patrick Whish-Wilson', with a large, stylized initial 'P'.

Patrick Whish-Wilson

Acting General Manager Energy Markets Regulation