

# SPOT MARKET OPERATIONS TIMETABLE CONSULTATION

ISSUES PAPER

Published: **March 2019**





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## EXECUTIVE SUMMARY

The publication of this Issues Paper starts the first stage of the Rules consultation process conducted by AEMO to update the spot market operations timetable under the National Electricity Rules (NER).

AEMO wishes to change the spot market operations timetable to include five-minute pre-dispatch (5MPD). 5MPD will become compulsory from the start of five-minute settlement on 1 July 2021.

AEMO would also like to make some administrative changes to the spot market operations timetable that can be made only by following the Rules consultation procedures.

In summary, the key proposals involve:

1. Adding five-minute pre-dispatch to the spot market operations timetable
2. Removing all references to the interim nature of the congestion information resource
3. Correcting any errors in the timetable

Stakeholders are invited to submit written responses on the issues and questions identified in this paper by 5.00 pm (Melbourne time) on 10 May 2019, in accordance with the Notice of First Stage of Consultation published with this paper.



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## 1. STAKEHOLDER CONSULTATION PROCESS

AEMO is consulting on changes to the spot market timetable in accordance with the Rules consultation process in rule 8.9.

Note that there is a glossary of terms used in this Issues Paper at Appendix A.

AEMO’s indicative timeline for this consultation is outlined below. Dates may change depending on the number and complexity of issues raised in submissions and any meetings with stakeholders.

Deliverable	Indicative date
Issues Paper published	29 March 2019
Submissions due on Issues Paper	10 May 2019
Draft Report published	7 June 2019
Submissions due on Draft Report	5 July 2019
Final Report published	16 August 2019

Prior to the submissions due date, stakeholders can request a meeting with AEMO to discuss the issues and proposed changes raised in this Issues Paper.



## 2. BACKGROUND

### 2.1 NER requirements

The spot market operations timetable specifies who must do what by when in the spot market.<sup>1</sup> The contents of the timetable are prescribed by the NER. Since the NEM began in 1998 the timetable has evolved to include elements which are related to, but not part of, the spot market. These elements include the energy adequacy assessment projection (EAAP) and congestion information resource (CIR).

The NER clauses that establish the timetable and the procedures for changing it are as follows:

#### 3.4.3 Spot market operations timetable

- (a) *AEMO* must operate the *spot market* according to the *timetable* which must be approved by the *AEMC* and *published* by *AEMO* following compliance with the *Rules consultation procedures*.
- (b) If *AEMO* wishes to change the *timetable* at any time, it may do so following compliance with the *Rules consultation procedures*.
- (c) If *AEMO* amends the *timetable* in accordance with paragraph (b), *AEMO* must:
  - (1) *publish* the amended *timetable*; and
  - (2) operate the *spot market* according to the *timetable* as amended.

### 2.2 Context for this consultation

AEMO already prepares and publishes a five-minute pre-dispatch schedule. The schedule is produced every five minutes and forecasts dispatch and prices for each five-minute period over the next hour. AEMO developed 5MPD to provide additional relevant market information.

National Electricity Amendment (Five Minute Settlement) Rule 2017 No. 15 will make it mandatory for AEMO to prepare and publish a five-minute pre-dispatch schedule.<sup>2</sup> AEMO believes that this change necessitates inclusion of 5MPD in the spot market operations timetable. AEMO is therefore consulting on changing the timetable as required by clause 3.4.3(b) of the NER.

The Five Minute Settlement rule will come into effect on 1 July 2021.

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<sup>1</sup> [https://www.aemo.com.au/-/media/Files/Electricity/NEM/Security\\_and\\_Reliability/Dispatch/Spot-Market-Operations-Timetable.pdf](https://www.aemo.com.au/-/media/Files/Electricity/NEM/Security_and_Reliability/Dispatch/Spot-Market-Operations-Timetable.pdf)

<sup>2</sup> <https://www.aemc.gov.au/sites/default/files/2018-07/ERC0201%20note%20and%20amending%20rule.pdf>



### 3. PROPOSED CHANGE FOR FIVE-MINUTE PRE-DISPATCH

AEMO proposes adding the 5MPD requirements that are mandated in the Five Minute Settlement rule to the spot market operations timetable.

The frequency at which 5MPD is to be prepared and published is determined by the timetable, subject to clause 3.13.4(i) in the NER:

- (i) In accordance with the *timetable* or more often if there is a *change* in circumstances which in the opinion of *AEMO* results in a significant *change* in forecast *spot price*, or in any event no more than 3 hours after the previous such publication, *AEMO* must prepare and *publish* updated *pre-dispatch schedules* and *spot price forecasts*, including the details specified in clause 3.13.4(f).

The current description of the frequency of 30-minute pre-dispatch in the timetable notes the NER requirement (maximum 3-hourly) but adds that the system target is half-hourly. The analogous description for 5MPD might also note the NER requirement but state that the system target is every five minutes.

The granularity and forecast horizon of 5MPD will be determined by the new clause 3.8.20(b) in the Five Minute Settlement rule:

- (b) The *pre-dispatch* process is to have a resolution of:
  - (1) one 30-minute period; and
  - (2) one *trading interval*, for the period of 60 minutes from the time that the relevant *pre-dispatch schedule* is *published* by *AEMO*, provided that *AEMO* may at any stage provide the resolution required by this clause 3.8.20(b)(2) for a period longer than 60 minutes

AEMO is currently investigating the potential for:

- extending the 5MPD forecast horizon beyond one hour, as permitted by new clause 3.8.20(b)(2) in the Five Minute Settlement rule; and
- adding spot price sensitivities, as permitted by new clause 3.13.4(h1) in the Five Minute Settlement rule.

Depending on the outcome of these investigations, AEMO anticipates using a similar formulation to that used for the frequency of pre-dispatch i.e. a statement of the minimum NER requirements, plus an extended system target if available.

#### Questions

1. Should five-minute pre-dispatch be included in the spot market operations timetable?
2. If so, how should the requirements for five-minute pre-dispatch be specified?



## 4. OTHER MATTERS

### 4.1 Interim Congestion Information Resource

The spot market operations timetable currently has a section on an interim congestion information resource (CIR) with references to transitional rule 11.30 of the NER. The interim CIR was required by National Electricity Amendment (Congestion Information Resource) Rule 2009 No. 16.<sup>3</sup> The interim CIR has since been superseded by the CIR developed under rule 3.7A of the NER.

AEMO proposes to remove all references to the interim nature of the congestion information resource and update the references to the NER.

#### Questions

3. Should AEMO update the information on the congestion information resource in the spot market operations timetable?
4. Are there any other outdated references in the spot market operations timetable?

### 4.2 Miscellaneous errors

Miscellaneous errors have entered the spot market operations timetable over time. For example, in Section 4.1 of the timetable dealing with offers and bids, the entry specifying when rebidding begins for Day 0 is repeated twice: once in the penultimate row on page 5 and once in the first row on page 6.

Errors in the spot market operations timetable can be corrected only in compliance with the Rules consultation procedures. Since the timetable is currently being consulted on, now is an ideal time to fix any residual errors.

#### Questions

5. Are consulted parties aware of any other errors in the spot market operations timetable that should be fixed?

<sup>3</sup> <https://www.aemc.gov.au/sites/default/files/content/a2377738-0e2e-407b-a5eb-281580cc70f8/Congestion-Information-Resource-Rule.PDF>.



## APPENDIX A - GLOSSARY

Term or acronym	Meaning
5MPD	Five-minute pre-dispatch
CIR	Congestion information resource
EAAP	Energy adequacy assessment projection
NER / Rules	National Electricity Rules