15 November 2021

Catherine Wu
Australian Energy Market Operator
Level 22, 530 Collins St
Melbourne VIC 3000

Dear Ms Wu

RE: Automated procedures for determining a manifestly incorrect input

Shell Energy Australia Pty Ltd (Shell Energy) welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO) consultation on the automated procedures for determining a manifestly incorrect input.

About Shell Energy in Australia

Shell Energy is Australia's largest dedicated supplier of business electricity. We deliver business energy solutions and innovation across a portfolio of gas, electricity, environmental products and energy productivity for commercial and industrial customers. The second largest electricity provider to commercial and industrial businesses in Australia[1], we offer integrated solutions and market-leading[2] customer satisfaction, built on industry expertise and personalised relationships. We also operate 662 megawatts of gas-fired peaking power stations in Western Australia and Queensland, supporting the transition to renewables, and are currently developing the 120 megawatt Gangarri solar energy development in Queensland. Shell Energy Australia Pty Ltd and its subsidiaries trade as Shell Energy.

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General Comments

A review of the limits used in the manifestly incorrect inputs calculation was recommended by AEMO's Scheduling Error Technical Working Group. Shell Energy welcomes this review and supports AEMO's proposed amendments to relax the interconnector flow trigger thresholds on the Terranora and Heywood interconnectors in the automated procedures to reduce the number of false positives relating to manifestly incorrect inputs.

It is clear AEMO's automated system to identify potential dispatch intervals where manifestly incorrect inputs may apply is currently functioning more sensitively that it should with an exceedingly high number of false positive events recorded not just over calendar year 2020 but also the preceding 4 years. The high number of false positives creates uncertainty for the market due to the uncertainty of the posted price and the risk of prices changing after the event. Based on the data AEMO has provided, we consider that AEMO's proposed amendments should somewhat rectify this situation and reduce the number of dispatch intervals incorrectly flagged as having manifestly incorrect inputs. This is beneficial to all market participants.

We also contend that there is scope for AEMO to further reduce false positives by making some additional changes. The NSW to Qld limit of 450 MW is at odds with the Qld to NSW limit of 240 MW. We wish to understand if AEMO has considered whether a change to the Qld to NSW limit to 400 or 500 MW would

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further reduce the false positive triggering. Given the nominal limits on QNI will change following the commissioning of the QNI minor upgrade, we also consider this should be factored into AEMO's current review.

Similarly, combined with the AEMO proposed change and the change to QNI set out above, Shell Energy has identified that a small increase to the Basslink limits from 190 MW to 220 MW would have eliminated 95% of the false positive events identified in AEMO consultation paper. We recommend that AEMO conduct further analysis in order to consider these additional changes.

For more detail on this submission, please contact Ben Pryor (0437 305 547 or ben.pryor@shellenergy.com.au).

Yours sincerely

[signed]

Libby Hawker
GM Regulatory Affairs & Compliance