



Australian Energy Market Operator
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Melbourne
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By email: energy.forecasting@aemo.com.au

7 March 2023

To whom it may concern,

AEMO NEM Reliability Forecasting guideline and methodology Draft report

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Australian Energy Market Operator (“AEMO”) in response to the AEMO NEM Reliability Forecasting guideline and methodology Draft report (“the Draft report”).

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE has interests in generation, renewable energy development, and energy services. ENGIE also owns Simply Energy which provides electricity and gas to retail customer accounts across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

ENGIE appreciates AEMO’s thorough approach in the Draft report to cataloguing and responding to feedback received in submissions to the earlier Consultation paper. We note AEMO’s response to the following items that our submission to the Consultation paper raised:

- Generator Energy Limits Framework reporting;
- ESOO/EAAP process alignment;
- system outage parameters; and
- inclusion of a 72 hour recall period for longer-term planning

and we have no further comment on these items.

Scenarios for the Energy Adequacy Assessment Projection (EAAP)

ENGIE supports the removal of the “any other scenario”, but notes AEMO’s logic that this scenario is not necessary because similar outcomes can be achieved through developing additional sensitivities to the other three, more clearly specified, scenarios. However, stakeholder concerns around unilateral decision making by AEMO apply equally to these sensitivities. AEMO should consider how it will consult with stakeholders on the scope and nature of sensitivities before applying them in practice.

ENGIE appreciates the updates proposed by AEMO to the Low Thermal Fuel (LTF) scenario in the light of stakeholder feedback. Nonetheless, ENGIE considers that AEMO has not given due consideration to Shell's comment that the evidence from 2022 does not support low hydro output simultaneous with severe thermal constraints. We agree with their proposal that the low thermal fuel scenario should be matched with normal hydro output rather than low hydro output and consider that would represent an appropriate balance of risk and probability for this scenario.

Consistent approach to forecasting supply and load

ENGIE appreciates the feedback and clarification provided by AEMO in respect of comments made in our submission to the consultation relating to AEMO's asymmetric approach to forecasting changes in supply and demand. Nonetheless we remain of the view that, taken in the round, AEMO's combined demand and supply methodologies remain highly conservative.

Costs and impact analysis

ENGIE appreciates AEMO's constructive response to our previous submission's potentially provocative comments on AEMO's incentives for conservative reliability assessments. We agree with AEMO's observation that "the consultation should consider total costs, including potential costs to consumers of over- or under-forecasting reliability risks¹". However, it is not clear how and in what way this consideration has taken place in this consultation. ENGIE further notes that other stakeholders have requested greater impact analysis on proposed changes, but that AEMO appears to have provided little if any such analysis to date.

Should you have any queries in relation to this submission please do not hesitate to contact me on, telephone, 0477 299 827.

Yours sincerely,



Jamie Lowe

Head of Regulation,
Compliance, and Sustainability

¹ Draft report, p14