

3 March 2023

Andrew Turley  
Group Manager, Forecasting  
Australian Energy Market Operator (AEMO)

Submitted via email: [energy.forecasting@aemo.com.au](mailto:energy.forecasting@aemo.com.au)

Dear Mr Turley,

### **NEM Reliability Forecasting Guidelines and Methodology Consultation – Draft Report**

Origin Energy Limited (Origin) welcomes the opportunity to provide the following comments on AEMO's NEM Reliability Forecasting Guidelines and Methodology Draft Report:

- Improved energy adequacy risk assessments would be valuable but may be difficult to achieve in practice. Origin does not support the proposal for participants to submit information on contracted fuel inflows under the Generator Energy Limitation Framework (GELF) and energy limitations for the Energy Adequacy Assessment Projection (EAAP) low thermal fuel scenario. The submissions would be inaccurate due to uncertainty around contractual positions, expected generation levels and the fuel supply chain; complex to implement given industry practice is to contract gas at a portfolio rather than site level; and would not improve energy adequacy risk assessments.
- AEMO should consider allowing generators to submit gas information at an aggregated power station or portfolio level to reflect the practicalities of gas contracting within industry.
- Origin does not support AEMO implementing the EAAP and GELF requests by next month, potentially within days of the final report being published. AEMO should implement the new requests in the second half of the year to give participants a reasonable amount of time to understand and comply with the requirements. This would allow AEMO to publish the EAAP in November 2023, consistent with existing timeframes. The EAAP and Electricity Statement of Opportunities (ESOO) data requests could then be combined in April 2024.
- Origin reiterates the need for clear documentation and communication with respect to the proposed medium-term projected assessment of system adequacy (MT PASA) changes and supports early engagement during implementation.

We expand on these points below.

#### **Energy adequacy assessment**

Origin understands AEMO's aim in requesting additional data and in proposing new scenarios for the EAAP is to provide more visibility on the risks associated with energy limitations, such as the extent of participants' spot exposure for fuel supply and the implications for reliability.

Improving risk assessment in relation to energy adequacy would be of value to participants and AEMO but only if it can be practically achieved. We consider that some of the proposals in the draft report would not lead to improved risk assessments or better projections of potential fuel shortages. In some situations, there could be unintended outcomes, such as the EAAP over-estimating the likelihood of fuel shortages, as discussed next.

## GELF parameters

Origin welcomes the additional information on the proposed GELF parameters provided in the draft report. Broadly speaking, Origin remains concerned that the additional proposed GELF parameters set out in the provided spreadsheet would be difficult for generators to estimate with a degree of certainty and confidence. In addition to the uncertainty around contractual positions and expected generation levels, market participants do not typically have comprehensive knowledge of the entire fuel supply chain and visibility of competition for fuel supply. This would introduce complexity in GELF submissions and limit the accuracy of fuel supply estimates.

It is common industry practice to contract for gas at the portfolio level. Generators typically do not contract at site level, nor would it be practicable for gas supplies to be allocated in this manner for the next two years. Projecting the proposed additional gas GELF parameters at each site as a point in time estimate for up to 24 months ahead would be highly subjective, complex and may be of limited use to AEMO in identifying fuel shortages given the likely margin of error.

Given the above:

- Origin does not support the proposed “contracted inflows” GELF parameters. This point in time estimate of contractual positions for the next two years would not be an appropriate proxy for the fuel supply outlook or spot exposure. As an example, generators may not have contracted two years ahead when making the GELF submission but intend to do so prior to real time; yet this would not be captured by the modelling. This could lead to situations where the EAAP could identify an unrealistic and implausible fuel supply issue or spot market risk exposure.
- If AEMO proceeds with the other proposed additional GELF parameters, it should use this additional information with caution. Any outcomes should be qualified and clearly communicated in the context of the uncertainty associated with the parameters.
- To manage the particularities of gas contracting, AEMO should allow generators to submit information at an aggregated power station level (including potentially as one portfolio-level submission), rather than at the site level. AEMO could then apportion gas supplies to each site if needed for the modelling exercise.

## Low thermal fuel scenario

The draft report proposes that the “low thermal fuel” scenario would be based on the 90% probability of exceedance (90POE) energy availability for thermal generators, reflecting coincident energy shortfall situations that apply to each site from time to time. Generators would be required to submit energy limitations based on their projections of 90POE fuel supply.

Origin remains concerned that energy limits associated with the “low thermal fuel” scenario will have a high degree of uncertainty, which may undermine its usefulness in understanding energy adequacy risks. Participants may interpret or forecast availability differently, which could erode the usefulness of the data since submissions may not be consistent. Further, projecting 90POE energy availability for each gas generating site carries additional complexity as generators would need to use an arbitrary assumption to assign fuel at the site level from a portfolio-level contracting approach.

Origin does not support requiring generators to project and submit 90POE energy limits to AEMO, given the large margins of error associated with this scenario parameter. If AEMO retains this proposal, there should be clear guidelines on how to calculate energy limits associated with this scenario to ensure

consistency across participant submissions. As with the GELF parameters above, this requirement should provide flexibility for generators to submit gas limits at an aggregated level.

### Implementation

Origin understands that AEMO proposes to combine the EAAP and the ESOO in 2023, aligning their publication dates to August. This means that generators would need to submit the new GELF/EAAP information by 30 April, even though the final report is currently not due to be published until 28 April.

Origin does not support this approach as participants need time to understand the new data requests once the final report is published, set up new processes and train any necessary staff. It is reasonable for complex changes to include an implementation timeframe that is longer than a few days or weeks.

Given the complexity associated with the additional data requests, AEMO should implement the new GELF/EAAP requirements in the second half of 2023 rather than in April. This would not delay AEMO's risk assessments since it would still be able to publish the ESOO in August 2023 and the EAAP in November 2023, consistent with existing arrangements. The combined EAAP and ESOO data requests could then be implemented in April 2024.

### **MT PASA recall times and reason codes**

Origin welcomes the information provided by AEMO in the draft report and accompanying documentation with respect to the planned outage categories and reason codes. We reiterate the need for AEMO to continue to be clear in its documentation and with participants on the definitions of partial or full planned outage extensions and reason codes during implementation to ensure the information provided is accurate. We look forward to working with AEMO on this aspect.

Origin also understands that the "physical" and "economic" labels proposed in the draft report will be automatically assigned by AEMO, with participants only required to submit the codes. We support this approach and welcome confirmation of this process in the final report.

We also support AEMO engaging early with market participants where they are required to implement system changes. Early engagement will promote timely and efficient implementation of any new data requirement.

Should you have any questions or wish to discuss this submission further, please contact me at [Sarah-Jane.Derby@originenergy.com.au](mailto:Sarah-Jane.Derby@originenergy.com.au) or on (02) 8345 5101.

Yours sincerely,



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