

22 July 2020



Mr Peter Adams
General Manager, Market Performance
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Dear Mr Adams

Issues Paper – Semi scheduled generator rule change(s)

Energy Queensland Limited (Energy Queensland) appreciates the opportunity to provide a submission to the Australian Energy Regulator (AER) in response to the issues paper on proposed semi scheduled generator rule changes (issues paper). The issues paper provides analysis of the Council of Australian Governments Energy Council request for the AER to develop two rule change requests to support system security in the National Electricity Market. Energy Queensland's responses to the matters raised in the issues paper are provided in the attached submission.

Energy Queensland is supportive of the AER's preferred option to amend the existing arrangements for semi scheduled generation through:

- removing the semi scheduled dispatch interval and cap;
- ensuring semi scheduled generators follow dispatch instructions, subject to the availability of their dependent resource unless doing so will be a hazard to public safety, there is a material risk to damaging plant or the generator is providing other system services; and
- including a requirement to advise the Australian Energy Market Operator of loss of resource.

Of the solutions put forward for consideration, Energy Queensland considers that this option will lessen the issues being caused by negative wholesale market events, require fewer changes to the National Electricity Rules and, in our view, is the least complex to implement.

Should you require any additional information or wish to discuss any aspect of this submission, please contact me on 0467 782 350 or Charmain Martin on 0438 021 254.

Yours sincerely

A handwritten signature in blue ink that reads "Trudy Fraser".

Trudy Fraser
Manager Regulation
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Energy Queensland

Submission to the
Australian Energy Regulator

Issues paper – Semi scheduled
generator rule change(s)

Energy Queensland Limited
22 July 2020



About Energy Queensland

Energy Queensland Limited (Energy Queensland) is a Queensland Government Owned Corporation that operates businesses providing energy services across Queensland, including:

- Distribution Network Service Providers, Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy);
- a regional service delivery retailer, Ergon Energy Queensland Pty Ltd (Ergon Energy Retail); and
- affiliated contestable business, Yurika Pty Ltd (Yurika), which includes Metering Dynamics Pty Ltd (Metering Dynamics).

Energy Queensland's purpose is to 'safely deliver secure, affordable and sustainable energy solutions with our communities and customers' and is focused on working across its portfolio of activities to deliver customers lower, more predictable power bills while maintaining a safe and reliable supply and a great customer service experience.

Our distribution businesses, Energex and Ergon Energy Network, cover 1.7 million km² and supply 34,000GWh of energy to 2.25 million homes and businesses each year.

Ergon Energy Retail sells electricity to 738,000 customers in regional Queensland.

Energy Queensland also includes Yurika, an energy services business creating innovative solutions to deliver customers greater choice and control over their energy needs and access to new solutions and technologies. Metering Dynamics, which is a part of Yurika, is a registered Metering Coordinator, Metering Provider, Metering Data Provider and Embedded Network Manager. Yurika is a key pillar to ensuring that Energy Queensland is able to meet and adapt to changes and developments in the rapidly evolving energy market.

Contact details

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1 Introduction

On 24 June 2020, the Australian Energy Regulator (AER) published an issues paper on proposed semi scheduled generator rule changes (issues paper). The issues paper provides analysis of the Council of Australian Governments Energy Council request for the AER to develop two rule change requests to support system security in the National Electricity Market (NEM), that would obligate semi scheduled generators to:

- follow their dispatch instructions in a similar manner to scheduled generators; and
- continually keep the Australian Energy Market Operator (AEMO) informed of any restrictions on their available capacity due to physical factors, ambient weather conditions and market intentions.¹

The need for these rule changes has arisen as a result of recent analysis and evidence that shows some semi scheduled generators have been materially deviating from their expected output without rebidding, that this behaviour has been increasing over time and is likely to increase into the future. The key issue with uncertainty of output is that it can have adverse impacts on AEMO's ability to manage system security. The issues paper sets out the benefits of greater certainty of semi scheduled generation output and presents potential options for the rule change(s) to address this issue.

The AER is seeking feedback on the issues and questions raised in the issues paper by 22 July 2020 to assist in informing the development of the proposed rule changes. Energy Queensland's comments are provided in sections 2 and 3 of this submission.

¹ AER, *Issues paper – Semi scheduled generator rule change(s)*, June 2020, p. 5.

2 General comments

Energy Queensland welcomes the opportunity to provide feedback in response to the AER's consultation on the issues paper. Energy Queensland acknowledges that the NEM is experiencing an increasing number of negative wholesale market events as a result of the behaviour of semi scheduled generation in the dispatch process (as illustrated in Figure 1 of the issues paper).² Given the continued growth in volume of semi scheduled generation and AEMO's forecast that intermittent renewable generation will ultimately dominate the future generating mix before the end of the 20 year forecast horizon,³ there is significant potential that the frequency of negative events will continue to increase, leading to a greater incidence of adverse impacts on system security. Consequently Energy Queensland agrees with the assessment that the rules created to govern the participation of semi scheduled generation in the NEM in 2008 are no longer fit-for-purpose and sufficient to allow AEMO to manage reliability and security across the NEM.

Energy Queensland supports the AER's preferred option to amend the existing arrangements for semi scheduled generation through:

- removing the semi scheduled dispatch interval and cap;
- ensuring semi scheduled generators follow dispatch instructions, subject to the availability of their dependent resource unless doing so will be a hazard to public safety, there is a material risk to damaging plant or the generator is providing other system services; and
- including a requirement to advise AEMO of loss of resource.

Of the solutions put forward for consideration, Energy Queensland considers that this option will lessen the issues being caused by negative wholesale market events, require fewer changes to the NER and, in our view, is the least complex to implement.

Our feedback on the questions raised in the issues paper is provided in section 3 of this submission. We are available to discuss this submission or provide further detail regarding the issues raised.

² AER, Issues Paper, p. 11.

³ Ibid, p. 10.

3 Specific comments

Energy Queensland provides the following comments on the questions raised in the issues paper for consideration:

AER Question	EQL Response
1. Is a rule change required to address the issues described in the paper?	Energy Queensland is of the view that a rule change is required to address the concerns raised in the issues paper due to the recent number of negative wholesale price events and the likelihood that the frequency of those events will continue to increase in line with anticipated growth in semi scheduled generation.
2. Are there other impacts on the market that are not presented in the paper?	In Energy Queensland’s view this rule change appropriately focusses on impacts on system security.
3. Are there other impacts not considered from the difference in the requirements for scheduled and semi scheduled generators to follow dispatch instructions?	Energy Queensland provides no comment.
4. Has the semi scheduled category done its job?	The semi scheduled category was introduced in response to the growth in intermittent generation. We therefore consider that this category has done its job.
5. Are the four options presented in the paper the most efficient way to achieve the desired outcomes?	<p>Energy Queensland agrees that the AER’s preferred option is the most appropriate option to address current issues. We therefore support amending the existing arrangements for semi scheduled generation through:</p> <ul style="list-style-type: none"> • removing the semi scheduled dispatch interval and cap; • ensuring semi scheduled generators follow dispatch instructions, subject to the availability of their dependent resource unless doing so will be a hazard to public safety, there is a material risk to damaging plant or the generator is providing other system services; and • including a requirement to advise AEMO of loss of resource.
6. Are there other options that haven’t been considered?	Energy Queensland has not identified any other options.

AER Question	EQL Response
7. Are there any differences in how the four options would apply to wind or solar?	Energy Queensland provides no comment.
8. Do stakeholders have views on the potential costs and benefits of each of the options presented in this paper?	<p>In our view, the AER's preferred option is the least complex option and will be able to be implemented at relatively low cost.</p> <p>Energy Queensland considers that AEMO, as the market operator, is best placed to determine the benefits of each option.</p>
9. What are the potential impacts of each of the options presented in this paper on participants that are likely to be affected?	Energy Queensland provides no comment.
10. How can the flow of data and information to AEMO be improved?	Energy Queensland provides no comment.
11. Only two options appear to satisfy the Energy Council's intention for semi scheduled generators to follow dispatch instructions. Should further consideration be given to the options that were noted as not practicable (sharper causer pays factors and amendments to registration of semi scheduled generators)?	Energy Queensland is not aware of any reason for further consideration of alternative options.