



Final Report

Rebidding and Technical Parameters Guideline

25 September 2009



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Summary

On 25 September 2009, the Australian Energy Regulator (AER) published the final Rebidding and Technical Parameters Guideline.

This report discusses the changes that have occurred between the draft Guideline of 20 July 2009, and the final Guideline.

Following a submission from the National Generators Forum (NGF) (no other submissions were received after publication of the draft Guideline) five changes have been adopted in the final Guideline, as follows:

1. the impact that legal operating requirements (eg. environmental limits) can have on minimum operating levels has been recognised
2. the requirement to include an estimate of the duration of a below minimum ramp rate or inflexibility has been removed if this information is inherent in other data provided with the offer or rebid
3. in situations where a rebid is submitted in response to a series of events, the ‘most significant’ of the series must be provided in the rebid reason, replacing the ‘first event’ that was included in the draft Guideline
4. ramp rates in offers and rebids need only be brought into line with Supervisory Control And Data Acquisition (SCADA) ramp rate values in circumstances where dispatch would be impacted
5. minor wording change to clarify that when a ramp rate is rebid, it only has effect from the next dispatch interval.

Compliance with the new Guideline will require a change to the business practices of many participants. The NGF has confirmed that a start date of 1 December 2009 will allow NGF members to make the necessary system changes and enable them to provide data in the mandated form.

The AER has accepted this start date; accordingly the new Guideline will be effective from **1 December 2009**.

If you require further information please contact Ross Mitchell on (02) 9230 9127.

Background

The National Electricity Rules (Electricity Rules) require that if an offer is amended through a rebid, a brief, verifiable and specific reason must be provided to the Australian Energy Market Operator (AEMO). The reason provided allows the AER to assess compliance of the relevant participant with specific clauses of the Rules and assists with the efficient operation of the market by providing information to all market participants.

On 15 January 2009, the Australian Energy Market Commission (AEMC) adopted a change to the Rules that limits the ability of *relevant participants* to bid and rebid technical parameters to pursue commercial objectives when power system security may be compromised. These changes came into force on 31 March 2009.

The final Guideline provides a consolidated document that covers several related areas associated with the above rebidding and technical parameter obligations.

First, in response to the new provisions surrounding the bidding and rebidding of technical parameters, it outlines the AER's interpretation of these provisions and how it will monitor and enforce their compliance.

Second, with respect to rebidding more broadly, the final Guideline replaces the existing 'Rebidding: Guidelines on the disclosure of information' published by the National Electricity Code Administrator in July 2001 and outlines the detail that must be contained in a rebid reason submitted to AEMO.

Finally, the Guideline covers the additional information that may be sought by the AER to verify and substantiate the brief, verifiable and specific reason that must be provided with bids and rebids.

Changes from the draft report

The changes that have been made to the Guideline since the draft of 20 July 2009 are discussed below.

Legal operation requirements

The draft Guideline recognised that participants can be subject to environmental or other legislative constraints on how their plant can be operated. The draft noted that if the legal restrictions required that a below minimum ramp be used, a brief, specific and verifiable reason should be provided that clearly outlined the legal or other operating requirement.

The NGF suggested that these provisions should apply equally to other legal obligations that may impact on the minimum operating level of the plant. The AER considers that this is a reasonable suggestion as legal requirements (such as emission limits) may impact of the minimum operating level of the plant.

Accordingly, the final Guideline requires that if an environmental or other legislative constraint impacts on how a plant can be operated, a brief, specific and verifiable reason should be submitted that clearly outlines the relevant legal requirement. The AER may seek additional information to substantiate the legal operating requirement.

Expected duration

The NGF proposed that the requirement to provide an estimate of the expected duration of a below minimum ramp rate of inflexibility may amount to duplication where this information is already apparent in other data submitted with the offer or rebid.

The AER has accepted this change. The final Guideline requires that the expected duration of a below minimum ramp rate of inflexibility be provided in a rebid reason, unless this information is inherent in the bid or offer data.

Series of events

As rebids can be submitted in response to a series of events, it is useful for the Guideline to cover which of the series should be included in the brief, specific and verifiable reason, as the provision of all of the information would not be practical. The draft Guideline suggested that in these situations, details of the first of the series should be provided in the rebid reason.

Following further consideration of this issue and the submission from the NGF, it is thought that it is more useful to require that the ‘most significant’ of the series of events be provided.

SCADA Values

In response to the initial draft of the Guideline, the Australian Energy Market Operator (AEMO) noted that generators are able to alter the ramp rate of a unit by entering it into the bidding system or through the operational data gathering system, referred to as the Supervisory Control And Data Acquisition (SCADA) system. As noted in our earlier report released with the draft Guideline, the AEMO dispatch process automatically selects the minimum of these two values. AEMO noted that there are situations where, although participants are correctly bidding their units above the minimum ramp rates, the SCADA value is set at less than the minimum ramp rate. The AER was concerned that this may create an effective bypass around the minimum ramp rate requirements.

The draft Guideline suggested that where material differences emerge between SCADA ramp rate values and bid or offer data, regardless of whether the ramp rate is below the minimum, a rebid should be submitted as soon as practicable to bring the bid or offer in line with the SCADA value.

In response to the draft Guideline, the NGF noted that where the SCADA value is higher than the value included in the bid/offer data, there is no impact on dispatch as the lower of these two values is used. As such, the NGF argued that only where the SCADA value is lower should there be a requirement to bring the numbers into alignment.

The AER accepts that our main concern in this area is to ensure that lower SCADA values are not used to avoid the requirement to provide reasons for below minimum ramp rates. This situation will only arise where SCADA values are lower than offer or rebid data. Accordingly, the AER has accepted the NGF proposal to only require that the two numbers be brought into alignment where dispatch would be affected by a lower SCADA value.

Effective dispatch interval

A minor change to the wording in section 2.1 has been accepted to clarify that a change to ramp rates during a dispatch interval, has effect from the next dispatch interval.

Effective date

Under clause 3.8.22(e)(1) of the Electricity Rules, this Guideline must cover the amount of detail to be included in the information provided to AEMO by participants in the brief, verifiable and specific reasons (under clause 3.8.22(c)(2)).

The AER acknowledges that this Guideline requires a change to the business as normal practices of participants. The final Guideline requires more detailed information to be provided with inflexible bids, ramp rates and rebids more generally.

Rebid reasons that are vague and only describe the action being taken by the participant will not be compliant with the new Guideline. Specific details allow the AER to substantiate and verify the reason provided and avoid unnecessary approaches to the participant after the event. This is necessary to ensure an efficient and robust compliance monitoring process.

To allow time for the rebidding systems of participants to be updated to the new requirements, the NGF has proposed a start date of 1 December 2009. The NGF notes that “From that date and earlier in a large number of instances, we anticipate NGF members will be able to provide data in the mandated form.” The AER considers that this proposed date is reasonable.

Accordingly, the final Guideline will take effect from **1 December 2009**.