

22 October 2020



Oliver Tridgell
Australian Energy Market Commission

Submitted via email.

Dear Mr Tridgell,

Transparency of unserved energy calculation

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) consultation on a rule change to improve the transparency of unserved energy calculation.

PIAC broadly supports the Reliability Panel's rule change proposal, considering it will improve the transparency, consistency and useability of the unserved energy calculation.

The unserved energy calculation is an important metric influencing energy system planning and investment decisions, with costs ultimately borne by consumers. The Reliability Standard and how it is operationalised has also been of increasing public interest, alongside energy policy in general. Given the potential impact of unserved energy calculations on costs for consumers, and the public's interest in reliability, it is important that how the calculation is made and how it should be interpreted is clear, unambiguous, and readily understood by all stakeholders.

PIAC supports the inclusion of a 'purpose statement' to assist with the interpretation of the unserved energy calculation and agrees there is ambiguity over the term 'generation' in the proposed statement.

The AEMC notes the term 'generation' can be thought of as either 'a concept' or 'as an asset'. Generation 'as an asset' refers to its definition in Chapter 10 of the NER as 'the production of electrical power by converting another form of energy in a generating unit'¹ whereas generation 'as a concept' is much broader and could include such things as demand response. We consider the wording of this statement should be clarified to make clear the Reliability Standard is not only able to be met through investments in generation 'as an asset' and inter-regional transmission and that investment in demand response can also contribute to avoiding power system reliability incidents.

¹ National Electricity Rules, Chapter 10, 1243.

While PIAC supports the rule change proposal, we note there is nothing currently preventing AEMO from making some of the changes the rule seeks. Rather than rely on Rules prescription alone, AEMO should proactively ensure the calculation and use of important energy system metrics are as transparent, accessible and useable as possible for stakeholders, and communicated in a way that prevents misunderstandings of what the metric represents and what it does not.

Continued engagement

PIAC would welcome the opportunity to meet with AEMC to discuss these issues in more depth.

Yours sincerely

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Public Interest Advocacy Centre

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