

2 May 2019

Mr John Pierce AO
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Lodged via AEMC website

Dear Mr Pierce,

DEFINITION OF UNSERVED ENERGY (REL0072): CONSULTATION PAPER

The Clean Energy Council (CEC) is the peak body for the clean energy industry in Australia. We represent and work with hundreds of leading businesses operating in renewable energy and energy storage along with more than 6,000 solar and battery installers. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

The CEC welcomes the opportunity to provide feedback on the consultation on the definition of unserved energy. This Reliability Panel review is timely to proactively ensure the definition is still clear and concise given the energy transformation underway.

In general, the CEC is supportive of the suggested changes outlined in the consultation paper. Please find below our specific responses to the questions outlined in the paper.

Question 1: Do stakeholders agree that the definition of unserved energy in Chapter 10 of the NER lacks clarity? If so, how should it be clarified?

The CEC agrees that the current definition of unserved energy lacks clarity. It is understandable that some stakeholders may interpret the current definition to include interruptions not associated with the wholesale level of reliability. We support the clarification to explain that unserved energy only applies to wholesale-level reliability.

We suggest that the new definition explicitly states that unserved energy for the purposes of the reliability standard is isolated to wholesale supply interruptions caused by generation and interconnection inadequacy.

Question 2 (1): Do stakeholders see particular benefits in maintaining contingency events as a base for the definition of unserved energy?

The CEC does not see benefit in maintaining contingency events as the base for the definition of unserved energy. As it is now possible to have forecast and availability deviations larger than the largest credible contingency, it would be beneficial to develop a more wholistic framework for the definition of unserved energy to be based upon. Given the rule change in December 2017 modifying the framework for the declaration of Lack of Reserve (LOR) condition to move away from a contingency based framework, it is logical that the definition of unserved energy follows suit.

Question 2 (2): Do stakeholders have any views on whether or not the distinction between events that are included and events that are excluded from the definition of unserved energy needs to be simpler and clearer? If so, do stakeholders have any suggestions as to how this could occur?

The CEC does not believe the distinction between events included and excluded in the definition needs to be made clearer than currently written. However, it is assumed that the potential removal of contingency events as the basis for unserved energy as per question 2 (1) will involve the modification of these distinctions if it is deemed appropriate to no longer use contingency events as the basis.

Question 3: Do stakeholders agree that all power system security events should be explicitly excluded from the definition of unserved energy?

Given that the reliability standard is not designed to limit supply interruptions caused by problems maintaining power system security and that increasing generation or demand response may not reduce system security events, the CEC agrees that all system security events should be explicitly excluded from the definition of unserved energy. It appears to be the intention of the definition, without currently explicitly stating so and would benefit from this clarity.

Question 4: Do stakeholders agree that AEMO's reliability-related interventions should be included into the definition of unserved energy? If so, to what extent should they be included and which of the three options above is preferred?

The CEC agrees that reliability-related interventions should be included into the definition of unserved energy to the degree they are outlined in the consultation paper. The CEC supports option 2 presented in the paper – including reliability-related interventions in the definition of unserved energy to the extent that they were required to meet demand.

We agree that including Reliability and Reserve Trader resources dispatched or activated, generation that became available to satisfy a reliability direction and continuing to include load shedding instructions issued by the Australian Energy Market Operator in the definition of unserved energy would be beneficial. This change would potentially provide the market with a clearer indication of the amount of customer demand that cannot be supplied within a region. Providing the market with more information for decision making may allow it to meet customer demand without the activation of emergency reserves.

Question 5: Do stakeholders agree with the Panel's view that supply interruptions other than wholesale level reliability interruptions should remain excluded from the unserved energy definition?

The CEC agrees that supply interruptions should remain excluded. The reliability standard is meant to indicate unserved energy caused by reliability interruptions. If other interruptions were to be included it would make the reliability standard not fit for purpose and it is unlikely it would ever be met.

Question 6: Do stakeholders agree with the Panel's view that voluntary curtailment and in-market demand response should remain excluded from the definition of unserved energy?

The CEC agrees with the Reliability Panel's view that voluntary demand response is similar to additional generation and is not avoided load shedding, and therefore demand is not unmet in these instances.

Thank you for the opportunity to comment on this consultation. If you would like to discuss any of the issues raised in this submission, please contact Tom Parkinson, Policy Officer, on (03) 9929 4156 or tparkinson@cleanenergycouncil.org.au or myself, as outlined below.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Lillian Patterson', written in a cursive style.

Lillian Patterson
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