

24 April 2019

EUAA SUBMISSION

Via Email: RRO@aer.gov.au

FOR CONSULTATION - DRAFT INTERIM RELIABILITY INSTRUMENT GUIDELINE

The EUAA welcomes the opportunity to make some brief comments on the Draft Guideline. Ideally, we would have seen the draft Forecasting Best Practice Guideline prior to commenting on this Guideline given that:

“...the AER, in considering whether it is appropriate in the circumstances to make a reliability instrument, must have regard to whether AEMO has used reasonable endeavours to prepare the *reliability forecast* in accordance with the AER's Forecasting Best Practice Guideline.” (p.11)

Based on:

- the approach set out on page 11 to the development of the Forecasting Best Practice Guideline, and
- the assumption that all of this information (subject to confidentiality constraints) will be:
 - available for scrutiny through the course of AEMO's public consultation process as it evaluates whether to make a reliability instrument request, and
 - then published in final form when AEMO's submits its request to the AER

we are broadly supportive of the process outlined for the AER to enable it to make a reliability instrument.

We offer the following specific comments:

- on p.6 the Draft says:
 - for a T-1 reliability instrument request
 1. clarify that, the *forecast reliability gap* published in the related T-3 *reliability instrument* still persists

It is not clear the maximum “age” the ESOO can be on which this clarification is based eg for the T-3 instrument request, it can be no older than “6 months immediately preceding the T-3 cut-off day”

- it would be helpful to have a better understanding of what the AER would regard as “material”; the Draft notes that:

“A focus will be placed on input data that could have a material impact on the *forecast reliability gap* which will be informed by the sensitivity matrix and/or sensitivity analysis provided to the AER by AEMO as part of the reliability instrument request.” (p.9)

It is reasonable to use sensitivity analysis to help inform a consideration of materiality. It would help to understand what variability would be seen as material eg $\pm 5\%$? 10% ?

Given that:

“Submissions from stakeholders will also be used to determine if any material errors in AEMO's calculation or input data have occurred in the *reliability forecast*.” (p.10)

How are those stakeholders making submissions going to know what they should comment on without some guidance on what is “material”? Is the AER proposing to address this issue as part of the Forecasting Best Practice Guideline?

- While the Draft says that disagreement on a technical aspect will not be considered, what if there is a fundamental disagreement between the AEMO and major stakeholders on a technical issue that is unresolved through AEMO’s consultation process and which has a material impact on whether a forecast reliability gap actually exists? Is the AER proposing to address this issue as part of the Forecasting Best Practice Guideline?

Regards

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

Andrew Richards
Chief Executive Officer