



AGL Energy Limited

T 02 9921 2999

agl.com.au

ABN: 74 115 061 375

Level 24, 200 George St

Sydney NSW 2000

Locked Bag 14120 MCMC

Melbourne VIC 8001

Australian Energy Market Commission

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Enhancing reserve information (formerly Operating reserves) – draft determination

AGL Energy (AGL) welcomes the opportunity to provide feedback on the Australian Energy Market Commission (AEMC) Enhancing reserve information draft determination.

Proudly Australian for more than 186 years, AGL supplies around 4.3 million energy and telecommunications customer services. AGL is committed to providing our customers simple, fair, and accessible essential services as they decarbonise and electrify the way they live, work, and move.

AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market (NEM), comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. We are building on our history as one of Australia's leading private investors in renewable energy to now lead the business of transition to a lower emissions, affordable and smart energy future in line with the goals of our Climate Transition Action Plan.

AGL considers the availability of adequate operating reserves in the NEM to be an integral part of energy system security and reliability. As noted in our previous submission to the directions paper, we supported establishing an operating reserve market as the best mechanism to address the risk of insufficient market reserves, in particular with regards to a future energy system characterised by greater uncertainty due to increasing variable renewable energy (VRE). We note more recent developments such as the introduction of the Capacity Investment Scheme and the Reliability Panel's recommendations for increases in the market price settings may reduce the need for such a mechanism.

Enhancing energy information

We acknowledge the merits of enhanced supply-side information in reducing uncertainty for market participants and enabling more efficient commercial and operational decision making, thereby contributing to improved market actions in response to reserve needs.

We support the intent of the AEMC's draft determination to further support the current arrangements to value reserves during the transition by publishing information on energy availability in the operational timeframe, including:

- Daily energy constraints: the energy constraints of other scheduled plant types (hydro, gas, and coal) would be aggregated by region and published daily (at the start of each trading day).
- Maximum storage capacity: storage participants would need to provide their maximum storage capacity (MWh) to the Australian Energy Market Operator (AEMO) in their bid and offer validation data.

We do not, however, support the AEMC's proposal to publish the following state of charge (SoC) information for batteries:

- the energy availability of batteries (i.e. state of charge in MWh) would be published close to real-time, aggregated by region, and the following trading day by dispatchable unit identifier (DUID), to align with existing post-trading day publications.

We consider publishing close to real-time SoC information to be inconsistent with the market settings in the rest of the NEM. We note that other generation sources are not currently required to publish "remaining fuel" information:

- Solar irradiance is private.



- Wind speeds are private.
- Coal stocks are private.
- Hydro is generally private, (noting some water authorities publish flow information).
- Gas flows and hourly availability are private.

Market risks

We consider there are significant commercial risks associated with publishing close to real-time SoC information. This information could be used by generators to influence battery energy storage system (BESS) dispatch outcomes; something generators cannot do with other fuel types.

We also consider publishing SoC information will add unnecessary costs and compliance burden for BESS participants and may negatively affect their competitive position compared to other scheduled fuels.

We do, however, note the merits of SoC information for AEMO in the management of energy availability in NEM. We consider that while AEMO may benefit from this information, it should not be made publicly available.

Reporting requirements

We welcome the draft rule's intent not to place onerous reporting obligations on either AEMO or market participants. We note SoC and daily energy constraints information is already provided to AEMO by market participants, either through the supervisory control and data acquisition (SCADA) system or daily bids through projected assessment of system adequacy (PASA).

We consider the need to ensure any additional reporting burden for market participants is not increased unacceptably. We consider the need for appropriate lead times and flexibility for market participants to support any new information publishing requirements.

Regional FCAS

We note the AEMC's decision not to consider regional/sub-regional frequency control ancillary services (FCAS) as part of this rule change process. We understand this matter raises a number of different issues that could be considered through a separate rule change process.

As noted in our submission to the directions paper, we consider there is merit in making the procurement of regional FCAS routine, rather than just occasional as currently occurs. We also support further consideration of the development of sub regional FCAS procurement. We consider this would provide greater flexibility for the management of contingency events (including unanticipated reductions in variable renewable energy across a whole renewable energy zone) by providing an option for more local FCAS when interconnector or other network constraints make a global response inadequate.

If you have any queries about this submission, please contact Alifur Rahman on +61 416 00 1664 or at ARahman3@agl.com.au.

Yours sincerely,

Chris Streets

Senior Manager Wholesale Markets Regulation