**AEMO’s review of MTPASA – a summary**

AEMO is redeveloping its Medium Term Projected Assessment of System Adequacy (MTPASA) methodology to make sure it is fit for purpose in future, recognising that the NEM is evolving. Specifically, AEMO is focusing on how MTPASA is used to report potential reliability standard breaches.

The aim of the MTPASA redevelopment external workshop held on 30 May 2016 was to:

* discuss the limitations of the current MTPASA methodology and;
* seek feedback on EY’s strategy for developing a new methodology for MTPASA.

At the MTPASA redevelopment external stakeholder workshop, some people indicated they would like to know more about how MTPASA works and why the review of its underlying modelling is needed. We have sought to answer your questions here.

For more information, please contact AEMO Information and Support Hub at supporthub@aemo.com.au, or call 1300 236 600.

**What is MTPASA?**

MTPASA is one of the main tools AEMO uses to assess expected electricity supply and demand in the next two years. Based on the plant availability submitted by the registered participants, every three hours, AEMO publishes MTPASA input information including demand forecasts, network capacities and aggregate generating unit availabilities. These MTPASA inputs are used by market participants and networks to schedule operations, such as planned outages. Through MTPASA, AEMO is also required to identify and quantify any projected failure to meet the reliability standard. AEMO currently does this at least weekly by reporting any projected supply reserve shortfalls in each region.

**Scope of the MTPASA redevelopment project**

AEMO considers that the current MTPASA process has limitations that may potentially hinder accurate assessment of the expected electricity supply and demand (Power System Adequacy) in the next two years.

The scope of the MTPASA redevelopment project comprises two stages.

Stage 1 includes:

* Formally consult internally and externally with stakeholders to understand current methodology limitations, internal and external systems, and value of the MTPASA information.
* Propose alternative methodologies that address the known issues and meet the National Electricity Objective (NEO) and MTPASA objectives[[1]](#footnote-1).
* Identify potential solutions for implementation taking note of speed of delivery, cost of implementation and maintenance (for both stakeholders and AEMO), accuracy of results, ease of interpretation and automation capability.

Stage 2 includes:

* Consultation and implementation of the preferred option selected in Stage 1.

**Why it is critical for AEMO to review MTPASA?**

* The current MTPASA methodology was designed when there was negligible intermittent generation in the National Electricity Network (NEM) and wind and solar generation injections were small. However, over the years, the NEM has evolved, and more intermittent generation has been installed in the power system. Therefore, there is an urgent need to reassess the current MTPASA methodology to ensure AEMO’s projection of power system adequacy two years ahead remains accurate and relevant. Otherwise, there is a risk that stakeholders, or AEMO, may adversely react to, or make decisions whether or not to intervene in the market, based on incorrect information.
* Participants rely on published MTPASA outcomes to schedule operations in the NEM. Therefore, it is imperative to improve the accuracy and transparency of the MTPASA information, particularly around likelihood of future reliability standard breaches.
* AEMO considers reliability interventions (based on published MTPASA outcomes) in the market very carefully as intervention is disruptive and expensive. In comparison, the costs of reviewing and improving the current MTPASA tool are expected to be small.
* Lastly, AEMO wants to ensure that Stakeholders receive accurate Market information at all times.

**Will the outcome of the review affect stakeholders who use MTPASA data for their business?**

Participants make frequent use of AEMO’s Regional Availability Report (the three–hourly release of input data to PASA) as the major input for their operations. It is worth noting that this review and any outcomes from it will not affect the Regional Availability Report, although suggestions to improve it are welcomed.

It was unclear from the meeting whether the weekly MTPASA output data, being reserve calculations, is used in any business processes. One quantity that is published weekly – constrained capacity – is used. This however is actually an input quantity and should therefore be unaffected by this review. There may be scope for AEMO to include this constrained capacity information in the Regional Availability Report in future.

1. Identifying and quantifying any projected failure to meet the Reliability Standard [↑](#footnote-ref-1)