CAUSER PAYS WORKSHOP 1

Meeting Minutes

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| Meeting: | | Causer Pays Workshop 1 | |
| Date: | | Tuesday 20 March 2017. | |
| Time: | | 2.00 pm – 4.00 pm (EDST). | |
| Location: | | Brisbane, Melbourne, Sydney, Adelaide and teleconference. | |
| Attendees: | |  | |
| AGL | | Acciona |
| Energy Consumers Australia | | Tilt Renewables |
| Engie | | HARD Software |
| ERM Power | | Energy Synapse |
| Infigen Energy | | CS Energy |
| Meridian Energy | | AEMC |
| Origin Energy | | Woolnorth Wind Farm |
| Pacific Hydro | | HydroTasmania |
| Telstra | |  |
| Waterloo Wind Farm | |  |

# Welcome and introductions

The agenda was confirmed with no amendments. Chris Muffett (AEMO) provided an overview on factors driving the Causer Pays review, noting that the current consultation provides an opportunity to revisit any broader and longer-term issues associated with the previous consultation on factors for asynchronous operation.

# submissions to AEMO questions

Hugh Ridgway (AEMO) provided a high-level summary of submissions received from participants relating to each of the 10 questions AEMO specifically sought feedback on.

# 2.1 issue 1: local requirements

Shantha Ranatunga (AEMO) provided context around options two and three provided by AEMO in relation to issue one. Shantha explained that main different in these options for the scenario of two states separating from the rest of the National Electricity Market (NEM).

Chris Murphy (Telstra) clarified the purpose of having local FCAS requirements for separate regions.

Chris Muffett (AEMO) flagged that moving to option three and having no netting of portfolios across regions would be a change to the current arrangements, adding that participants that currently have the mechanism to offset across regions would lose this arrangement under option three. Chris noted that compared to option two, option three would likely have a lower implementation cost for AEMO.

Ron Logan (ERM) clarified the number of electrical sub-regions used in the calculation for option two, noting that a calculation for 17 sub-regions requires a large effort.

Chris Muffett (AEMO) noted that an alternative would be to calculate factors for six regions (including Tasmania) and have a separate mainland aggregation used for local requirements. This option would allow for portfolio netting across mainland regions. Chris added that there are limitations in moving towards a reduced set of regions however, the reduction allows for simplicity in AEMO completing calculations and reducing the amount of data it publishes.

Niva Lima (Infigen) queried how option two and three would work with respect to local requirements when the system is still synchronised. Shantha Ranatunga (AEMO) clarified that ‘separation’ in this sense refers to market separation, and in a scenario where the system is still synchronised, options two and three would result in the same outcome. Chris Muffett (AEMO) added that the intention is to treat local requirements for synchronous operation the same as local requirements for asynchronous operation.

Boris Basich (AGL) queried the definition of a South Australian market participant. Shantha Ranatunga (AEMO) explained that individual market participants are identified by where their generators are connected.

Chris Deague (Engie) noted that difficulties in relation to issue one and two arise from challenges associated with portfolio balancing. Chris added that portfolio balancing is at the core of Causer Pays, and resolving the issue would prevent perverse results generated by Causer Pays. Chris Muffett (AEMO) took an action to investigate with participants individually whether the outcomes from Causer Pays remain consistent with its original intentions related to incentives.

(Action Item 1)

# 2.2 issue 2: portfolio netting

Hugh Ridgway (AEMO) noted that submissions indicated somesupport has been given from participants for option one – status quo, however noted the concerns raised about compliance with dispatch obligations.

# 2.3 issue 3: sample period netting

Hugh Ridgway (AEMO) noted that submissions indicated this to be a non-contentious issue, with general support provided for option one.

# 2.4 issue 4: Size and Timing of Sample Period

Hugh Ridgway (AEMO) noted that support was provided for all three options in submissions provided by participants.

Chris Murphy (Telstra) commented that current technology constraints prevent discussions around real time factors progressing. Chris added that AEMO should only set targets that drive positive market behaviour.

Chris Deague (Engie) noted that the regulation frequency control system is an enablement model and not real time, and making the calculation of causer pays factors occur in real time will not change the current way frequency is controlled.

Kate Summers (Pacific Hydro) noted that the issue driving this question is determining a mechanism for effective frequency control, as under current market conditions, participants are paying costs that are too high and frequency is not being controlled effectively. Kate added participants are not receiving value for money under the current arrangement.

Niva Lima (Infigen) proposed a fourth option, where the application period precedes the sample period. Chris Muffett (AEMO) noted that AEMO considered this option in the previous consultation and formed the view that there are perverse outcomes created by this model and AEMO does not see this option as being consistent with managing a power system particularly in times of supply scarcity. Chris advised that AEMO would reconsider this option and communicate back with Infigen.

(Action Item 2)

# 2.5 issue 5: Treatment of non-metered market generation

Shantha Ranatunga (AEMO) clarified slide 13, advising that the reference to non-metered generation should be treated as non-monitored market generation.

David Scott (CS Energy) noted that the problem in the treatment of non-monitored generation is that the residual is too low, due to the nature of the calculation. Creating a single factor and dividing this amongst participants would improve this.

Chris Muffett (AEMO) explained that this issue is being examined as part of the consultation because there is no recovery from non-monitored market generators as they do not have an individual causer pays factor and the residual is only apportioned to market customers.

# 2.6 issue 6: Zero or positive factors

Hugh Ridgway (AEMO) noted that support was provided for AEMO’s proposal to recover through the residual when all factors are zero or positive.

Hugh added that AEMO intends to explicitly include this in the Causer Pays Procedure (CPP).

# 2.7 issue 7: Registration changes

Hugh Ridgway (AEMO) noted that support was provided for AEMO’s proposal for changes in registration to be reflected as a NULL factor (rather than a zero factor).

# 2.8 issue 8: Unreliable Data

Hugh Ridgway (AEMO) noted that support was provided for AEMO’s proposal to continue to disregard data deemed to have been of bad quality, and to include a minimum threshold in the CPP of 20% for a sample period to be considered viable.

# 2.9 issue 9: Publication of Data

Hugh Ridgway (AEMO) noted that support was provided for AEMO to continue to publish the raw input data, and for additional data at the 5-minute level to be produced. Hugh added that AEMO would explore other alternatives to the current mechanisms of publishing data.

(Action Item 3)

Chris Murphy (Telstra) commented that it would be useful for AEMO to publish a greater range of historical data prior to consulting on Causer Pays, as it allows participants to conduct their own analysis. Shantha Ranatunga (AEMO) advised that AEMO is happy to action any participant request for data and to please email the AEMO Support Hub ([supporthub@aemo.com.au](mailto:supporthub@aemo.com.au)) with any requests.

Harley Mackenzie (HARD Software) noted that an issue arises for participants when analysing four-second causer pays data, as not all of the information used to perform the causer pays calculation is included in the published data.

# 2.10 issue 10: Causer Pays Documentation

Hugh Ridgway (AEMO) noted that support was provided from participants to consolidate and clean up the CPP, and that this will be done, was part of publishing a draft CPP along with the draft determination.

# other matters raised

# 3.1 SUITABILITY OF INPUT DATA

Chris Muffett (AEMO) noted that concerns have been raised with delays in SCADA data, and AEMO has been investigating the potential for this to occur. Delays can occur due to transmission delays, and due to sampling rates at each point along the chain. Chris advised that the sampling rate for a number of wind farms have been updated to improve the accuracy of information being used as part of AWEFS.

Chris Murphy (Telstra) sought clarity on the rates that individual windfarms were being sampled at, as well as the sampling rate at the Network Service Provider (NSP). Chris Muffett (AEMO) took these questions on notice; with a view to circle back with participants once clarification was sought from the appropriate teams within AEMO.

(Action Item 4)

Harley Mackenzie (HARD Software) raised a question about the current treatment of performance on the basis of target-to-target performance, and that this can reflect negative performance in a following dispatch interval if a generator was unable to meet its dispatch target in the previous interval. Harley suggested that performance should be measured based on an initial MW-to-target trajectory.

Shantha Ranatunga (AEMO) acknoweledged the analysis provided, and agreed to investigate this option further.

(Action Item 5)

# 3.2 Dispatch of semi-scheduled generators

Chris Muffett (AEMO) noted that AEMOs dispatch teams are looking into this issue in context of the current Rules, as well as exploring options to support the proposed Rule change. Chris added that whilst this issue has a consequential impact on causer pays; AEMO sees this issue as being separate to the CPP review.

Kate Summers (Pacific Hydro) noted that the Unconstrained Intermittent Generation Forecast (UIGF) is often erroneous. Pacific Hydro is proposing an option for participants to create the systems to calculate their forward estimates of expected availability at the end of the five-minute period and provide this directly to dispatch. It is Pacific Hydro’s view that this will be more accurate than what is currently being used.

# 3.3 RELIABILITY SETTINGS

Chris Muffett (AEMO) noted that the Reliability Panel is the appropriate group to bring these issues forward, and as such, this issue is out of scope for the CPP.

# 3.4 Metered Below Zero

Shantha Ranatunga (AEMO) noted that AEMO is investigating this issue, but would be interested in hearing if there were any difference in how wind farms are treated compared to other types of generation. Shantha added that currently AEMO has a limited information on this issue, and welcomes participants to engage in deeper discussion with AEMO. Shantha noted that following deeper analysis and one on one discussion, AEMO would update participants with more information.

(Action Item 6)

# 3.5 Frequency Dead-band

James Lindley (AEMO) noted that submissions conveyed the behaviour of system frequency is significantly different when compared to ten years ago, and suggested this is likely the result of generators changing their frequency control settings (such as dead-band). James added that AEMO is seeking to understand the impact that the changed frequency behaviour is having on the power system, however sees this issue as being separate to the CPP review.

Chris Muffett (AEMO) noted that this is a material issue however outside of the CPP scope. Chris invited participants to discuss this further in the newly created Ancillary Services Reference Group, details of which can be found on the AEMO website.

# 3.6 Combined Metered unit factor

Shantha Ranatunga (AEMO) noted that a suggestion was received from CS Energy as an alternative to the current methodology. Shantha added that this approach would involve a different treatment of the residual, and AEMO is investigating the merits of this approach.

(Action Item 7)

# 3.7 Wind Coalition Consultant report

Chris Muffett (AEMO) acknowledged the consultant report prepared for the Wind Coalition, and the analysis conducted on:

* Power system frequency distribution
* Dispatch interval profiles
* SCADA time lag
* Dispatch interval forecast
* Aggregation of factors

Chris encouraged participants to review this report, adding that AEMO is currently working through the detail and analysis as part of the broader CPP review.

# 3.8 Barriers to Entry and complexity

Chris Muffett (AEMO) acknowledged that AEMO agrees that simplicity should be a guiding principle for this issue, and added that there will generally be a trade-off between simplicity and the efficiency of cost recovery.

# ACTION Items raised at meeting xx

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| Item | Topic | Action required | Responsible | Due By |
| 1 | Portfolo netting | Investigate with stakeholders whether portfolio netting remains consistent with incentives for positive performance. | AEMO | 21 April 2017 |
| 2 | Size and timing of sample period | Consider the option proposed by Infigen to swap the application and sample period | AEMO | 21 April 2017 |
| 3 | Publication of data | Explore other options for publication of causer pays data | AEMO | 21 April 2017 |
| 4 | Suitability of input data | Clarify the SCADA sampling rate for generators, and consistency of different rates in the causer pays process | AEMO | 21 April 2017 |
| 5 | Suitability of input data | Consider the option for measuring performance using a initial MW-to-target trajectory | AEMO | 21 April 2017 |
| 6 | Metered below zero | Investigate the issue of metered values below zero further, based on further information from participants | AEMO | 21 April 2017 |
| 7 | Combined metered unit factor | Investigate the option of using a combined metered unit factor further | AEMO | 21 April 2017 |