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AEMO Consultation on the Baseline Eligibility Compliance and Metrics Policy

Submission via email – wdr@aemo.com.au

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AGL Response to AEMO Consultation on the Baseline Eligibility Compliance and Metrics Policy

AGL Energy (**AGL**) welcomes the opportunity to comment on AEMO's Consultation on the Baseline Eligibility Compliance and Metrics Policy issues paper (**issues paper**).

The issues paper consists of two key parts, the baseline methodology and the draft eligibility and compliance settings. The settings are the initial default requirement under the Baseline Methodology Register.

We consider the baseline methodology has struck the right balance between ensuring eligible loads are sufficiently predictable to meet efficient dispatch within the spot market and opening the market to eligible NMIs to ensure appropriate capacity is available in the DRM. In particular, we consider the proposed accuracy and bias thresholds as outlined in the draft policy appear reasonable. However, we are mindful that these thresholds may need to be adjusted as the mechanism is further developed and refined overtime. AEMO should therefore provide guidance to the industry as how registered DR units could be affected by changes to these settings, such as whether grandfathering eligibility arrangements for registered DR units will apply.

The issues paper also outlines the draft eligibility and compliance settings. These are the key parameters which set out the number of eligibility days and the window of time within that day that must be assessed for the initial eligibility assessment and subsequent compliance assessments.

Whilst we agree with the number of calendar days proposed, the trading interval (TI) windows may present some difficulties for the reasons outlined below.

The proposed TIs window is 10am to 8pm. As outlined in the issues paper, this window of time was selected as it presented the most likely period in which DR units would bid capacity into the spot. This assessment is based on an historic review of when prices were high. Whilst this historic assessment may provide some guidance, we are mindful that expected spot prices above the quarterly average peak price (the implicit DRM floor price) are also likely to emerge at times outside this TI window.

This presents two challenges:

- Eligible loads that meet this TI window requirement may be bid available/dispatched outside this period. However, when the NMI load is dispatched outside this period it may not meet the eligibility compliance requirements if the TI window was from 8pm to 10am.
- NMIs that intend to primarily bid capacity outside this TI window may meet the eligibility assessment if it were 8pm to 10am but are unable to comply with the proposed 10am to 8pm TI window and therefore are ineligible to be classified as a DR unit.



Whilst the post event settlement process may avoid the first scenario this would only occur in certain circumstances. AEMO should therefore consider whether the TI window should be defined more flexibly and constrain when the unit may be dispatched.

For example:

- The TI window could be any time of the day however it must be a minimum of 10 consecutive hours.
- The DR unit cannot bid available outside the TI window selected for the eligibility assessment.

If you have any queries about this submission, please contact Kyle Auret on (03) 8633 6854 or KAuret@agl.com.au.

Yours sincerely,

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