

# AMENDMENT OF AUTOMATED PROCEDURES FOR DETERMINING A MANIFESTLY INCORRECT INPUT CONSULTATION

FINAL REPORT AND DETERMINATION

Published: **15 December 2021**





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## ABBREVIATIONS

Term	Definition
<b>AEMO</b>	Australian Energy Market Operator Limited
<b>Automated Procedures</b>	AEMO's automated procedures for determining a trading interval subject to review under NER 3.9.2B(b)
<b>DI</b>	Dispatch Interval
<b>MII</b>	Manifestly Incorrect Input
<b>MW</b>	Megawatts
<b>NER</b>	National Electricity Rules
<b>QNI</b>	Queensland – New South Wales interconnector
<b>SEWG</b>	Scheduling Error Working Group



## 1. STAKEHOLDER CONSULTATION PROCESS

As required by National Electricity Rules (NER) clause 3.9.2B(h), Australia Energy Market Operator (AEMO) has consulted with Registered Participants on the amendment of its automated procedures for determining trading intervals subject to review for a manifestly incorrect input (MII). These procedures are referred to in this report as the **Automated Procedures**.

The consultation steps undertaken by AEMO are outlined below.

Deliverable	Date
Notice of consultation published and invitation for submissions	18 October 2021
Closing date for submissions	15 November 2021
Publication of final report and revised procedures	15 December 2021

The publication of this Final Report marks the conclusion of the consultation process.

## 2. BACKGROUND

### 2.1. NER requirements

NER 3.9.2B(h) requires AEMO, in consultation with Registered Participants, to develop procedures for the automatic identification of trading intervals subject to review. The purpose of the Automated Procedures is to detect instances where a MII may have resulted in material differences in pricing outcomes.

In accordance with NER 3.9.2B(k), AEMO must also review the effectiveness of the Automated Procedures referred to in NER 3.9.2B(h) at least once each calendar year.

### 2.2. Context for this consultation

In 2020, AEMO also established the Scheduling Error Working Group (SEWG) to progress its scheduling error work program and facilitate direct engagement with the industry<sup>1</sup>. The SEWG recommended several changes to the scheduling error framework, which also extended to the Automated Procedures. The SEWG's recommendation for the Automated Procedures was to review the price and flow trigger thresholds used in those procedures.

AEMO consulted on proposed revisions for the trigger levels in the Automated Procedures for flows on the Terranora and Heywood interconnectors.

Notices, papers and submissions for this consultation are available at: <https://aemo.com.au/consultations/current-and-closed-consultations/amendment-of-automated-procedures-for-determining-a-manifestly-incorrect-input-consultation>.

### 2.3. Consultation stages

AEMO issued a Notice of Consultation on 18 October 2021<sup>2</sup> to inform all National Electricity Market Registered Participants (Consulted Persons) that AEMO was conducting a consultation on the Automated Procedures.

<sup>1</sup> The SEWG comprised of several industry participants and met on four occasions. All meeting materials are available from <https://aemo.com.au/en/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/scheduling-error-working-group-sewg>.

<sup>2</sup> <https://aemo.com.au/consultations/current-and-closed-consultations/amendment-of-automated-procedures-for-determining-a-manifestly-incorrect-input-consultation>



The most recent review of the automated procedures was documented in AEMO's report: "The Effectiveness of Automated Procedures for Identifying Dispatch Intervals Subject to Review"<sup>3</sup>, published with the Notice of Consultation.

AEMO invited Consulted Persons to make written submissions on the matter under consultation with a closing date of 15 November 2021.

AEMO received one written submission from Shell Energy Australia Pty Ltd (Shell Energy). A copy has been published on AEMO's website [here](#).

### 3. DISCUSSION OF MATERIAL ISSUES

#### 3.1. Revise trigger levels in the automated procedures

##### 3.1.1. Automated procedure review summary and submissions

AEMO's latest review of the Automated Procedures identified that they produced a high number of false positive events. AEMO considered that selected increases to trigger levels in the automated procedures would reduce the number of false positive events and reduce market price uncertainty while the trading intervals are subject to review, while maintaining a high level of confidence that MIs would be flagged by the process.

##### Level of proposed changes

AEMO proposed to increase the flow trigger threshold on Terranora interconnector from 80 megawatts (MW) to 100 MW in each direction. This level of increase is considered as the change in flow on Terranora is between 80 MW and 100 MW when oscillation occurs as a result of loss maximisation during negative pricing.

AEMO also proposed to increase the flow trigger threshold on Heywood interconnector from 150 MW to 300 MW in each direction. The increase is in relation with the last registered capacity upgrade in 2015 from 550MW to 850MW<sup>4</sup>.

##### Submissions received

Shell Energy supports AEMO's proposed amendments to increase the interconnector flow trigger threshold on the Terranora and Heywood interconnectors. Shell Energy also suggested that relaxing the interconnector flow trigger on additional interconnectors would further reduce false positive events, as follows:

- Increasing the flow trigger threshold on the Queensland – New South Wales interconnector (QNI) to 400 MW or 500 MW given the QNI capacity upgrade in the near future.
- Increasing the Basslink trigger limits from 190 MW to 220 MW, which Shell Energy considers would have eliminated most of the false positive events caused by Basslink.

##### 3.1.2. AEMO's assessment

AEMO agrees that the QNI capacity upgrade has the potential to result in more false positive MIs, however a full review and evidence-based assessment will be required to determine whether the current

<sup>3</sup> [https://aemo.com.au/-/media/files/stakeholder\\_consultation/consultations/nem-consultations/2021/amendment-of-automated-procedures/the-effectiveness-of-automated-procedures-for-identifying-dispatch-intervals-subject-to-review-2020.pdf?la=en](https://aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2021/amendment-of-automated-procedures/the-effectiveness-of-automated-procedures-for-identifying-dispatch-intervals-subject-to-review-2020.pdf?la=en)

<sup>4</sup> Current registered max capacity for Heywood is 850MW from SA to VIC and 950MW from VIC to SA. Current operational transfer limit for Heywood is 550MW from SA to VIC and 600MW from VIC to SA.



trigger threshold is ineffective and confirm the appropriate level of any increase. AEMO intends to conduct this review following the commissioning of the QNI upgrade with the benefit of operating experience at the increased capacity.

In relation to Basslink, AEMO considers the current trigger threshold remains appropriate for the time being. AEMO notes the Automated Procedures did detect an actual incorrect input on Basslink in the 2019 MII review. If the trigger level was to increase to 220 MW, the Automated Procedures would not detect a similar event. AEMO's next Automated Procedures review will re-examine the potential for MII events within the current Basslink trigger in the expected range of operating conditions.

### **3.1.3. AEMO's conclusion**

AEMO concludes that the Automated Procedures will be amended to change the flow trigger thresholds for Terranora and Heywood interconnectors as per AEMO's review, with no changes in other interconnector thresholds at present.

A potential increase in QNI flow triggers will be reviewed following operating experience after commissioning of the increased capacity. Trigger levels for Basslink and other interconnectors will also continue to be reviewed annually.

## **4. FINAL DETERMINATION**

Having considered the matters raised in submissions, AEMO's final determination is to amend the Automated Procedures by increasing the Terranora and Heywood interconnector flow trigger thresholds to 100 MW and 300 MW respectively in each direction.

Implementation in AEMO's market systems is expected to occur by July 2022. The Automated Procedures will be updated in line with this determination and published on AEMO's website on or before the effective implementation date.