

8 May 2025

Australian Energy Market Operator
Level 22
530 Collins Street
Melbourne VIC 3000

Submitted by email to <mailto:NEMReform@aemo.com.au>

Constraint Formulation Guidelines – ISF Rule Consultation

Snowy Hydro Limited welcomes the opportunity to comment on the Australian Energy Market Operator (AEMO)'s Constraint Formulation Guidelines – ISF Rule Consultation

Snowy Hydro understands that the AEMO proposed change of the minimum threshold for left-hand side factors to 0.15 from 0.07 will allow AEMO to manage security in and around the Buronga/Red Cliffs area. We believe that it won't impact the priority order, as lower constraint coefficient Dispatchable Unit Identifier (DUID)'s typically aren't constrained off. In addition we agree that some constraints will remove to lower impact interconnector, like Murraylink from NSW constraints.

We are unsure however if this change will lead to the most efficient outcome and we would like AEMO to undertake modelling on what the difference would be. AEMO for example still needs to manage the risk of the transmission network and excluding more items from the constraint will increase the risks AEMO faces.

Typically when the transmission network is under stress DUIDs are constrained down based on their coefficients, but the dispatch targets can't reduce below the maximum ramp down rates. At these times NEMDE will move to lower and lower coefficients exhausting ramp rates. With fewer DUIDs in the list there is less buffer for managing risk, which should lead to a more conservative estimate of flow limits from AEMO.

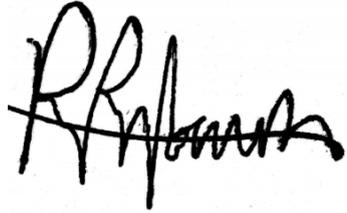
AEMO notes that the option makes things easier however it is likely the constraints will bind more often and lead to a greater risk of overloading the target transmission equipment. If the line binds more often then it could lead to regional energy (local) not being used over using more energy from other states. It is important that AEMO address these changes and the impact they will have on interconnectors, generation and contracting with transmission limits being reduced.

About the Snowy Hydro Group

Snowy Hydro Limited is a producer, supplier, trader and retailer of energy in the National Electricity Market (NEM) and a leading provider of risk management financial hedge contracts. We are an integrated energy company with more than 5,500 megawatts (MW) of generating capacity. We are one of Australia's largest renewable generators, the third largest generator by capacity and the fourth largest retailer in the NEM through our award-winning retail energy companies - Red Energy and Lumo Energy. Collectively, they retail gas and electricity in South Australia, Victoria, New South Wales, Queensland and the ACT to over 1 million customers.

Snowy Hydro appreciates the opportunity to respond to the Australian Energy Market Operator (AEMO)'s Constraint Formulation Guidelines – ISF Rule Consultation. Any questions about this submission should be addressed to panos.priftakis@snowyhydro.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Priftakis', written over a light grey rectangular background.

Panos Priftakis
Head of Wholesale Regulation
Snowy Hydro