



Our ref: AA1000643
Contact officer: Penny Bigham
Contact phone: (07) 3052 1221

23 Marcus Clarke Street
Canberra ACT 2601
GPO Box 3131
Canberra ACT 2601
tel: (02) 6243 1111

18 August 2023

exemptions@acc.gov.au
www.acc.gov.au

Ted Hill
Partner
Allens

By email

Dear Mr Hill

**Australian Energy Market Operator Limited - application for authorisation
AA1000643 – Request for information**

I refer to the application for authorisation lodged with the Australian Competition and Consumer Commission (**ACCC**) by the Australian Energy Market Operator (**AEMO**) on 7 June 2023 (the **Application**).

To assist with its assessment of the Application, the ACCC is seeking further information as set out below.

Background

We understand that as a result of a number of AEMO's functions (e.g., the short and medium term Projected Assessment of System Adequacy and the Network Outage Schedule), AEMO currently has the ability to gather, visualise and plan for planned generator and transmission maintenance and other outages up to 36 months in advance. In some circumstances, AEMO can also request further information from certain participants that is necessary to allow AEMO to undertake some of these functions beyond the information already required to be provided under the *National Electricity Rules*.

Using this information, AEMO would appear to have broad visibility across the National Electricity Market. If any potential issues with the scheduling of System Works is identified, AEMO can presumably then have bilateral discussions with various participants to ensure that System Works are undertaken in a manner which ensures the security and reliability of the system. For example, if AEMO identified a period of where two synchronous generators were planning to undertake maintenance at the same time, AEMO could then work with these generators in advance to carefully coordinate these outages.

We also understand that AEMO has the ability to assess outage bookings for Transmission Network Service Providers and provide feedback to them regarding the likelihood that such outages will be able to proceed.

In addition to these current mechanisms, we note that a number of amendments to the *National Electricity Rules* have either recently been completed or are currently under

consideration by the Australian Energy Market Commission in response to challenges arising as a result of the energy transition. Many of these changes are aimed at better allowing AEMO to coordinate System Works and address system security issues that arise throughout the transition. Examples of such reforms include: various changes to the [short term](#) and [medium term](#) Projected Assessment of System Adequacy, [Operational Security Mechanism](#), and [Operating Reserve Market](#).

Questions

1. We note that the first round of meetings under the interim authorisation granted on 13 July 2023 took place on 4 August 2023 and that ACCC staff observed these meetings. The Proposed Conduct for which authorisation is sought appears to be broader than the coordination actually engaged in at these meetings. Please explain the circumstances in which broader conduct might be engaged in or consider whether the definition of the Proposed Conduct can be narrowed.
2. Please explain why AEMO considers that the existing measures contained in the *National Electricity Rules* and the proposed measures under consideration by the Australian Energy Market Commission are not (or would not be) sufficient for AEMO to address issues arising from the energy transition. In particular:
 - a. Identify what information and/or coordination (even on a bilateral basis) is not available from the existing and proposed new arrangements that AEMO considers is necessary to address these issues.
 - b. Provide greater detail as to the benefits of the Proposed Conduct in better managing System Works overall as distinct from and/or in addition to what AEMO can do using its existing powers, as well as those soon to be implemented.
3. Please outline whether AEMO has considered any further policy and/or rules-based approaches to address system reliability issues arising from the transition with respect to System Works instead of the level of industry collaboration contemplated by the Proposed Conduct, particularly noting that the energy transition will continue to occur well beyond the period of authorisation sought.
4. Given the reforms that have either recently been completed or are currently under consideration by the Australian Energy Market Commission, would a shorter period of authorisation be sufficient to enable AEMO to address system reliability issues until these reforms are all in place?
5. Please provide details of whether, and if so how, the Proposed Conduct would help AEMO to better manage critical incidents in the event they were to occur, compared with what AEMO can do:
 - a. under the current regulatory framework; and
 - b. under the future regulatory framework if the proposed reforms identified above were to be adopted.

Please provide any response by **Friday, 25 August 2023**.

This letter will be placed on the ACCC's public register.

Your response **will** be placed on the ACCC's [authorisations public register on the internet](#) unless you have made a request (with reasons) for us to exclude part or all of the submission from the public register (see [Guidelines for Excluding Information from the Public Register for more information on how to make a request and how we assess requests](#)).

If you have any questions or wish to discuss our request further, please do not hesitate to contact Penny Bigham on 07 3052 1221 or exemptions@acc.gov.au.

Yours sincerely

A handwritten signature in blue ink that reads "David Hatfield". The signature is written in a cursive style with a blue highlight effect.

David Hatfield
Director
Competition Exemptions