

AEMC – NATIONAL ELECTRICITY AMENDMENT (IMPROVING SECURITY FRAMEWORKS FOR THE ENERGY TRANSITION) RULE CHANGE 2023

28 SEPTEMBER 2023

INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

Thank you for the opportunity to make a submission under AEMC's National Electricity Amendment (Improving Security Frameworks for the Energy Transition) Rule 2023.

This short submission supports the submission made by Shell Energy on this matter. In addition, the EUAA would like to emphasise the following points:

- The EUAA strongly recommends that the AEMC's next step is to release for comment a new Draft Determination and not proceed directly to a Final Determination. The EUAA believes that the changes from the original Draft Determination and the current Second Directions Paper are substantial and a new Draft Determination is required to keep with consultation requirements of the NEL on Rule Changes.
- The EUAA strongly supports Shell Energy's position that beneficiaries pay for the provision of Essential System Security (ESS) services, and not consumers. EUAA's supports rule changes to improve the efficiency of markets, improve system security and where the costs and risks are allocated to those best able to manage them, and who benefit from them. The current proposed rule change will improve system security and allow more inverter-based resources (IBR) to access the NEM, providing a clear beneficiary to the Rule Change. Having the IBR beneficiary pay sends a clear market signal to IBR generators to provide ESS services through an efficient, low-cost mechanism.
- The EUAA supports the AEMC's sunset on the Rule Change, however considers that there needs to be provision to sunset earlier than the proposed ten-year timeframe should the market be functioning efficiently. From this perspective, the EUAA supports Shell Energy's proposal of AEMO reviews at year 4 to adjust AEMO documentation and an AEMC review at year 5 to sunset earlier than the 10 years if required.
- The EUAA supports the reporting requirements that the AEMC has recommended, however we would prefer to see quarterly performance and accuracy reporting throughout the NEM. More frequent reporting allows for increased transparency and also allows for increased visibility of the costs and benefits accruing from programs such as that proposed in the current Rule Change. Reporting on the reasons for dispatch and/or directions of ESS in detail in a quarterly report (rather than a high-level summary annually, as is currently proposed) will provide the accountability that the NEM requires for such actions. The EUAA also

supports Shell Energy's recommendation for any reporting to amalgamate the data reported daily by AEMO.

- The EUAA strongly supports the reduction of the "ESS contract enablement period" from 12 hours to 4 or 6 hours (based on evidence). The proposed 12-hour enablement period could mean payments for ESS are made when no actual ESS is required due to the long lead time. The 12 hours also locks in fossil-fuel powered ESS service providers, effectively locking out cleaner options and potentially contravening the inclusion of emissions reduction in the NEO.
- The EUAA also supports a mechanism to ensure long term contracts for inefficient and high cost ESS do not lock out competitive technologies and that dispatch of ESS creates opportunities for increased IBR generation and not fossil fuel based generation.

CONCLUDING REMARKS

The EUAA supports Rule Changes that provide for the efficient and low-cost mechanisms to resolve issues during the transition to net-zero.

The EUAA also supports good process, transparency and accountability. It is EUAA's opinion that the current proposed Rule Change requires a new Draft Determination and that further reporting requirements by AEMO will be necessary to achieve this.

The EUAA welcomes further discussions with us and our members around the issues raised in this submission.

Do not hesitate to be in contact should you have any questions.



Andrew Richards
Chief Executive Officer