

## AEMO PROJECT ENERGY CONNECT IMPLEMENTATION – DIRECTIONS PAPER

1 DECEMBER 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 AEMO's Project Energy Connect Implementation – Directions Paper.

This short submission supports the submission made by Shell Energy on this matter. EUAA agrees with the arguments put forth by Shell Energy. EUAA would like to emphasise the following points:

- The EUAA is aware that the building of PEC will already impact customer's bills through increased TUOS in NSW and SA.
- The integration of PEC into the NEM will impact consumers both directly (changes to spot-price outcomes) and indirectly (changes to wholesale market risk premiums and further increases to TUOS charges through the Settlement Residue Auctions (SRA)).
- EUAA is concerned that AEMO have not considered all the costs and risks that will be passed through to consumers if the preferred approach is adopted.
- EUAA Strongly recommends that AEMO undertake the following actions before deciding on the preferred approach to implementing PEC in the most efficient and least distortionary way possible:
  - Commission quantitative modelling to compare the dispatch and settlement outcomes for the alternative Victorian micro-slice and loop flow models in terms of impacts to consumers;
  - Delay a final decision on how to implement PEC Stage 2 until after the market can observe the initial results of the micro-slice model that will be used for implementing stage 1 of PEC; and
  - Should a network loop flow model be implemented, that negative settlement residues continue to be recovered from TNSPs rather than SRA unit holders.

### CONCLUDING REMARKS

The EUAA supports transparent mechanisms that provide for the efficient and least-cost transition to net-zero. It is EUAA's opinion that AEMO have not demonstrated that the integration of PEC into the NEM will not have further

adverse impacts on the NEM and consumers beyond what is necessary to achieve an efficient and least-cost integration of PEC.

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