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3 December 2015

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

RE: Submission on demand side obligations to bid into central dispatch

Ergon Energy Queensland Pty Ltd (EEQ) welcomes the opportunity to provide comment on the Australian Energy Market Commission's (AEMC's) Consultation Paper on the *National Electricity Amendment - Demand side obligations to bid into central dispatch Rule*.

This submission is provided by Ergon Energy Queensland (EEQ), as a Queensland Government Owned Corporation and the largest electricity retailer in regional Queensland. EEQ supplies electricity to more than 720,000 customers across an operating area of more than one million square kilometers (around 97 per cent of the state of Queensland). EEQ is the fifth largest energy retailer by customer numbers in the National Energy Market (NEM).

In considering the Rule Change proposed by Snowy Hydro and the AEMC's Consultation Paper, EEQ is of the opinion that for those loads that would be captured (a small number of electricity-intensive industrial loads) the proposal will potentially add significant costs and additional complexities for these parties. If the Rule Change is accepted, impacted load owners would be required to set up NEM monitoring tools, employ (or contract out) spot market trading expertise and install NEM bidding systems. Further, there will also new regulatory obligations that these businesses will be required to fulfil to manage the risk of non-compliance.

Industries that would be potentially captured by this Rule Change Proposal are electricity-intensive industrial loads in Queensland including some mining loads, smelters and refineries. These sectors are already under economic pressure and the introduction of an additional regulatory regime and the associated costs will only put further pressure on these companies. Although the AEMC Consultation Paper notes these costs, there is no broader analysis provided on the impacts to these currently economically vulnerable industrial sectors.

Despite our significant customer base, EEQ itself does not have any individual loads of 30 megawatts (MW) or greater at a connection point. However, given the impacts on the industries that will be captured by these requirements, EEQ is not supportive of the Rule Change Proposal.

If you require additional information, please do not hesitate to contact Ben Verdon, Trading Manager on 07 3851 6396 or ben.verdon@ergon.com.au

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mike Henwood', with a stylized, cursive style.

Mike Henwood
Group Manager, Retail Commercial Services