

22 May 2018

Ms Sarah-Jane Derby
Project Leader
Australian Energy Market Commission

Lodged via AEMC submission website

Dear Ms Derby

Reliability Frameworks Review (EPR0060)

The Australian Sugar Milling Council (ASMC) is the peak body representing six milling companies who collectively own and operate 20 sugar mills in Queensland. Our members account for over 95% of national production and 100% of Australia's raw sugar exports.

ASMC members rely heavily on the electricity system in their milling activities. The members are subject to the National Electricity Rules (NER) for their interaction with the National Electricity Market (NEM) for electricity purchasing, generation and sales. This is significant for those sugar mills that have electricity generation systems that run synchronised with the National Grid (Grid).

The co-generation plant operated by the sugar millers provides significant value to the economy through:

- Energy productivity based on using waste from the milling process to generate renewable energy;
- Support for the local network operation - particularly in areas where the mills are connected to weak network in relatively isolated parts of the system; and
- Providing diversified energy sources - particularly renewable energy.

The co-generation plant represented by the sugar mill operations is classified as non-scheduled under the NER and this is important recognition of the integral nature of the steam and electricity generation with the production of sugar from the mills.

The ASMC is generally supportive of measures to maintain or improve the reliability of the electricity network and we offer the following comments on the Reliability Frameworks Review directions paper published on the 17th of April 2018.

The ASMC understands that the directions paper is seeking comment on the four key streams of work being:

- Forecasting and information provision;
- Day-ahead markets;
- Demand Response; and
- Strategic Reserve.

As an overall comment, the ASMC is keen to ensure that the generating plant at their facilities can continue to operate during periods when fuel from the sugar process is available without requiring modification to process or equipment to meet any recommendations that may result from the directions paper. As such, we believe that arrangements that are presently in place for existing generators embedded within sugar mills should be able to remain in place for the life of that existing plant and should only be changed if there is a demonstrated advantage to the Sugar Mill and to the reliability of the overall electricity system.

We offer the following comments on each of the key streams from the directions paper.



Forecasting and information provision

The ASMC supports the ability of entities to deliver their own forecasts where this may be advantageous to their operation or to the market. However, the ASMC believes that centralized forecasting should continue to remain available for entities that do not have the ability or need to provide more accurate forecasts than those available through the presently operating centralised system.

The ASMC believes that there are no strong drivers to require any sugar mill generators presently classified as non-scheduled to be modified to become semi-scheduled or scheduled. Sugar Mill generators operate to a very predictable regime to offset the impact of the load of their operation on the network by utilising waste product from their process. Scheduling of sugar mill generation has the potential to make operation of the processing plant less efficient, more costly and the most concerning of all; inadvertently reduce sugar processing rates that will adversely impact not only the sugar mill but dependent regional businesses, contractors and industry workers.

Day Ahead Markets

The AEMC is supportive of improving the flow and quality of information to and from market participants and the system operator. In relation to forecasting, the ASMC believes that, as noted previously, the nature of our operations are generally well served by the existing centralised forecasting system. This may well not be the case for more variable types of generation sources that may be dependent on quickly changing local conditions that may be best forecast on site using local information. The most appropriate methods of forecasting should be utilised for the particular type of generation being utilised and the way in which that generation is operated.

Demand Response

The ASMC has no particular comments to make on the matter of Wholesale Demand Response other than to note that we understand there may be advantages in unbundling retail supply and demand response to facilitate the operation of third parties in the provision of wholesale demand response in the electricity market.

Strategic Reserve

The ASMC has no comments on this area as our members have no reserves that would suit the purpose of the Reliability and Emergency Reserve Trader.

Mr David Rynne, ASMC's Director of Economics and Trade (07 3231 5007, david.rynn@asmc.com.au) is the ASMC contact on this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Pietsch', is located below the 'Yours sincerely' text.

David Pietsch
Chief Executive Officer