



Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Lodged online

31 May 2018

Dear Mr Pierce,

RE: Reinstatement of Long Notice RERT – expedited rule change request

Thank you for the opportunity to comment on the *Reinstatement of Long Notice RERT – expedited rule change request*.

St Vincent de Paul and SACOSS are broadly supportive of the comments made by AGL Energy in their submission to this process (10 May 2018). In particular, we support the AGL comment that “we would expect a more fulsome discussion of the risks to the market and how the use of long notice RERT contracts would reduce that risk.” While we understand that AEMO has recently reported on the RERT operation over summer 2017-18, we have concerns about the costs of the scheme and its implications for consumers.

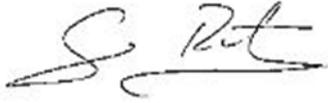
Minimising costs to consumers is paramount. St Vincent de Paul and SACOSS are very concerned about the proposal to provide for long notice RERT. Forecasting shortfalls nine month out is notoriously difficult and the forecasts will be wrong. Purchasing off market generation availability nine months out will be very expensive and this generation may not necessarily be used. Given the known errors within the forecasting, we believe the long notice RERT adds unnecessary additional costs that may or may not meet the system operators requirement on the day, when and if there is a shortfall.

We believe that timely information provided by the operator to market participants about future shortfalls would provide the signals to optimise existing generation resources to ensure they are available and this would shore up and optimise firm capacity availability if there was a shortfall in future. In addition, if it is deemed sensible to proceed with this, consumers who ultimately pay need to know details of payments made to participants for availability and payments made to participants if and when resources were dispatched. This transparency is critical for consumer confidence.

We believe that these issues need to be discussed in more detail. With this in mind, we believe the appropriate place to consider the long notice RERT is the enhanced RERT rule change process, where it can be considered in the context of its interactions with the NEG design and how it complements broader reliability settings.

We thank you for consideration of our comments. If you have any questions, please contact Mr Gavin Dufty, Manager Policy and Research, St Vincent de Paul via gavind@svdp-org.au or Ms Jo De Silva, Senior Policy Officer, SACOSS via jo@sacoss.org.au.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'G Dufty', with a long horizontal flourish extending to the right.

Gavin Dufty
Manager Policy and Research (St Vincent de Paul)

A handwritten signature in black ink, appearing to read 'R Womersley', with a large, sweeping loop at the bottom.

Ross Womersley
CEO (SACOSS)