



EnergyAustralia

LIGHT THE WAY

5 November 2020

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Dear Commissioners,

DRAFT DETERMINATIONS - COMPENSATION FOR PARTICIPANTS AFFECTED BY INTERVENTION EVENTS AND SERVICES OTHER THAN ENERGY AND FCAS

EnergyAustralia welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC's) draft determinations on compensation for participants affected by intervention events (ERC0284) and for services other than energy and Frequency Controls Ancillary Services (FCAS) (ERC0287).

EnergyAustralia is one of Australia's largest energy companies with around 2.5 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. EnergyAustralia owns, contracts and operates an energy generation portfolio that includes coal, gas, battery storage, demand response, solar and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

EnergyAustralia is dedicated to building an energy system that lowers emissions and delivers secure, reliable and affordable energy to all households and businesses. EnergyAustralia is, therefore, appreciative of the AEMC's efforts to examine the compensation framework relating to intervention events. Ensuring this framework is fit for purpose will be a vital enabler of a rapid and robust energy market transition.

Compensation For Participants Affected By Intervention Events

EnergyAustralia broadly supports the AEMC's draft determination. These include recommendations to:

- incorporate FCAS into the affected participant compensation framework on a two-way basis;
- clarify that the compensation objective for scheduled loads should be the same as affected participants;
- change the calculation methodology to use volume weighting and be based on dispatch targets, rather than metered generation; along with
- various measures to reduce over-compensation and double-dipping.

EnergyAustralia considers these changes will increase the transparency of the compensation process, align scheduled load and affected participant treatment and increase overall market efficiency.

Compensation For Services Other Than Energy And FCAS

The AEMC's draft determination is to make a more preferable draft rule than that proposed by AEMO. EnergyAustralia agrees with many of these more preferable settings, including:

- AEMO being required to explain and publish its compensable service decision;
- the right of participants to challenge AEMO's compensable service decision;
- retention of an independent expert's decision for material claims;
- refining the definition of other services;
- the provision to compensate directed participants for direct costs, even where no compensable service is deemed to have been provided; and
- removal of the rule specifying that compensation must be the same for all similar directions for other services within a 12-month period.

EnergyAustralia considers these changes will promote greater fairness, transparency and financial certainty for participants. However, we also consider that these outcomes could be further strengthened by having an independent party make the final decision on whether a compensable service had been provided, in cases where AEMO's initial decision had been challenged. With AEMO as the final arbiter, as currently proposed, transparency is reduced.

EnergyAustralia would welcome the opportunity to discuss this submission further with you. Should you have any questions, please contact me on 03 8628 1293 or via bradley.woods@energyaustralia.com.au.

Regards,

Bradley Woods

Industry Regulation Lead