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Thursday, 5 November 2020

Mr Andrew Pirie
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Dear Mr Pirie

RE: Compensation following directions for services other than energy and market ancillary services – Draft Determination – ERC0287

ERM Power Retail Pty Ltd (ERM Power) welcomes the opportunity to respond to the Australian Energy Market Commission's (the Commission) Compensation following directions for services other than energy and market ancillary services rule change Draft Determination (the Determination).

About ERM Power

ERM Power (ERM) is a subsidiary of Shell Energy Australia Pty Ltd (Shell Energy). ERM is one of Australia's leading commercial and industrial electricity retailers, providing large businesses with end to end energy management, from electricity retailing to integrated solutions that improve energy productivity. Market-leading customer satisfaction has fueled ERM Power's growth, and today the Company is the second largest electricity provider to commercial businesses and industrials in Australia by load¹. ERM also operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland, supporting the industry's transition to renewables.

<http://www.ermpower.com.au>

<https://www.shell.com.au/business-customers/shell-energy-australia.html>

General comments

ERM Power supports the proposed rule changes as set out in the Determination. The Determination provides additional clarity as to what constitutes a Direction for services other than energy and market ancillary services compared to the current rules and improves clarity with regards to the matters to be considered by an independent expert when determining the "fair price" for compensation. The Determination also requires that the "fair price" for compensation be calculated on a bespoke basis rather than the "fair price" applying for a twelve-month period. This reduces the need for a Directed Participant to apply for additional compensation.

We also note that the proposed rule changes require AEMO to set out reasoning for any determination that a Directed Participant was required to provide a non-market service to comply with the Direction. In the event that AEMO determines that a non-market service was not required to be provided, the Directed Participant then has the right to challenge AEMO's determination setting out the reasoning as to why the Directed Participant believes a non-market service was required to be provided to comply with the Direction. AEMO must take into consideration the matters raised by the Directed Participant prior to issuing a final determination.

¹ Based on ERM Power analysis of latest published information.



Whilst not completely clear in the Determination, ERM Power understands that the Directed Participant would still retain the right to dispute any AEMO's final determination with regards to provision of a non-market service via application of the National Electricity Rules Clause 8.2 Disputes Resolution process. We believe that it would be helpful for this to be clarified as part of the rule change process Final Determination

Please contact Ron Logan 0427 002 956 or rlogan@ermpower.com.au if you have any questions with regards to this submission.

Yours sincerely,

[signed]

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