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Mr Benn Barr
Chief Executive
Australian Energy Market Commission
GPO Box 2603
SYDNEY NSW 2000

AEMC Consultation: Removal of unaccounted for energy from liable load in the Retailer Reliability Obligation

Dear Mr Barr

Ergon Energy Queensland Pty Ltd (Ergon Energy Retail) welcomes the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) in response to the consultation paper on the Removal of unaccounted for energy from liable load in the Retailer Reliability Obligation.

Ergon Energy Retail appreciates the efforts of the Australian Energy Market Operator (AEMO) to propose amendment of rule 4A.F.3 of the National Electricity Rules (NER) to change the arrangements for the calculation of liable load under the Retailer Reliability Obligation (RRO) to remove unaccounted for energy (UFE) in light of the implementation of Global Settlement in May 2022.

Although a reliability gap has not been forecast for Queensland, Ergon Energy Retail notes the significant potential for the RRO trigger to be removed as an outcome of the Energy Security Board's post-2025 market design project.

Consequently, Ergon Energy Retail agrees with AEMO that there is a need to resolve this issue and supports Option 2 as proposed by AEMO in its rule change request. UFE is by its nature uncertain, and therefore impossible to predict. Further, liable parties under the RRO would be unable to accurately calculate the quantum of UFE to ensure compliance. Although UFE represents a very small proportion of the energy consumed in the market, we consider that it is unreasonable and inefficient to expect all liable parties to contract for unknown surplus generation capacity to avoid massive penalties for non-compliance, the extent of which can only be determined ex-post.

Ergon Energy Retail considers all other options to be deficient and as such, unworkable: Option 1 (status quo) is unworkable under Global Settlement; Option 3 continues to expose liable parties to uncertainty; and Option 4 requires appeal to the AER, adds administrative cost and retains an element of risk for liable parties.

Should the AEMC require additional information or wish to discuss any aspect of this submission, please contact me on 0409 239 883 or Laura Males on 0429 954 346.

Yours sincerely

Sarah Williamson

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