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Mr Mitchell Grande
Project Leader
Australian Energy Market Commission

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ERC0336 – Extension of time and reduction in scope of the Reliability Standard and Settings Review – Consultation Paper

Alinta Energy welcomes the opportunity to respond to the Commission's Consultation Paper to the rule change request seeking to amend the Reliability Panel's 2022 Reliability Standards and Settings Review (RSS Review). As an active investor in energy markets across Australia, we own and contract a generation portfolio of nearly 3,000MW and provide retail energy supply to more than 1.1 million electricity and gas customers.

The Reliability Panel (RP) was set up as an at-arms-length function under the National Electricity Law to monitor, advise and review matters related to the safety, security and reliability of the National Electricity Market (NEM). Alinta Energy is strongly supportive of the RP's role as an independent valued adviser and decision maker on NEM market settings which are fundamental to its operation. The RP's membership consists of a range of experts from regulatory bodies and the industry, and it is the input from the latter which provides its independence, injecting technical and operational experiences into the RP's ongoing work program. In our view, one of the most critical functions of the RP, is its Reliability Standards and Settings (RSS Review) noting its significant impact and driver for investment and market operation.

Alinta Energy understands the Energy Security Board (ESB) has proposed reducing the scope of the RP's periodic RSS Review by limiting the next iteration to a Reliability Standards Review and moving the assessment of reliability settings into its capacity mechanism design work program. This change is proposed only for the 2022 RSS Review and the RP would resume its full responsibilities in its next scheduled Review. The ESB has cited the *“objective of the rule change request is to align the requirements to design a capacity mechanism with the need to consider the optimal reliability settings required for a transitioning power system”*¹.

Having considered the ESB's proposal, Alinta Energy does not believe that this part of the rule change request would deliver an outcome that is in the long-term interests of consumers or investment certainty for market participants. We are concerned about a range of factors including the lack of:

- transparency and stakeholder consultation that may arise as part of the ESB's process relating to the development of reliability settings;

¹ [AEMC Consultation Paper - Extension of Time and Reduction in Scope of the RP's 2022 RSS Review](#); page 1.

- industry and independent representation within the revised ESB² and therefore the objectives and narrowed lens in which an assessment of reliability settings could be determined, including recommendations for further enduring governance changes to the RSS Review;
- diverse issues awareness and commercial experience typically applied by the RP, noting that the ESB have never conducted a reliability setting review; and
- clarity around the current and ongoing nature of the RP's role and function related to the assessment of capacity mechanism options and the development of reliability settings, particularly at a critical junction in the NEM's transition.

Most importantly, while we acknowledge the ESB's intention to coordinate and work within the defined timelines set out by Energy Ministers to undertake its capacity mechanism assessment and related works (including the RSS Review), we strongly believe that fundamental market settings should be independently determined in advance before policymakers seek to determine the mechanisms and framework that work within these parameters. We therefore continue to support the RP as the best body to review and recommend critical market settings and standards in the NEM and suggest that the ESB closely coordinate with the RP to ensure that each body can deliver an optimal outcome. For example, the RP could complete its RSS Review simultaneously while the ESB conducts a review of capacity mechanism options. The results of the RSS Review and ongoing RP expertise could then be plugged into the ESB's assessment of its preferred option.

Alinta Energy is supportive of the proposed two-month extension of time for the RP's final RSS Review report, from April to June 2022. This should be approved regardless of the decision around the scope of the RP's 2022 RSS Review. We agree that providing this extension would enable the RP to align its RSS Review more closely with the ESB's anticipated capacity mechanism workplan. In addition, it would also allow the RP to consider more fully the details between the capacity mechanism options and its RSS Review.

Should you wish to discuss our views further, please contact me on 0475 943 365 or at Dan.Mascarenhas@alintaenergy.com.au.

Yours Sincerely

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² <https://esb-post2025-market-design.aemc.gov.au/32572/1635720860-esb-media-release-final-211029.pdf>