

November 11<sup>th</sup> 2021

AEMC

Via website

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Iberdrola Australia thanks the AEMC for the opportunity to comment on the proposed rule National Electricity Amendment (Extension of time and reduction of scope of the 2022 Reliability Standard and Settings Review) Rule 2021. In this submission, we respond only to the proposal to consider the rule under the non-controversial expedited framework.

A proposed rule is non-controversial under the NEL if it is “unlikely to have a significant effect on the national electricity market”. We do not consider that to be the case for this rule.

The Reliability Panel is tasked with regularly reviewing market reliability settings such as the Market Price Cap (MPC) and Cumulative Price Threshold (CPT). In line with the NEO, the Reliability Panel must balance the short- and long-term costs and benefits to consumers. The proposed rule would shift the responsibility for reviewing the reliability settings in 2022 from the Reliability Panel to the ESB, aligning with the ESB’s proposed implementation of a capacity market in the NEM.

This rule sets a dangerous precedent. Fundamental changes in governance should not be seen as non-controversial. This rule would make the heads of the AEMC, AEMO, and AER directly responsible for determining critical market settings, bypassing the independent advice of the Reliability Panel. The establishment of an independent body with diverse representation to advise the AEMC is a key component of a well-functioning NEM. The process for engaging with consumer groups and other key stakeholders has not been established, but this rule would be a departure from the direct representation implied in the Reliability Panel model. Indeed, the ESB proposes a “streamlined” engagement process, which implies less consultation rather than more.

There has also been a history of temporary or sunseting arrangements (e.g., RERT, mandatory PFR) being made permanent, and therefore even interim arrangements should be approached with caution by the AEMC.

These market settings are so critical that any shift in responsibilities cannot be considered to be unlikely to impact on the market, particularly when it interacts with the complex but as yet undefined process of evaluating and delivering a capacity market, including proposed opt-outs by state governments.

It therefore seems certain that the ESB's proposed rule would have a significant effect on the market, and requires a more careful evaluation. As such, we object to progressing this rule as non-controversial and look forward to engaging with AEMC further on this rule. If you would like to discuss this submission, please contact Dr Joel Gilmore (GM Energy Policy & Planning on [joel.gilmore@iberdrola.com.au](mailto:joel.gilmore@iberdrola.com.au)).

Yours Sincerely,

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Managing Director, Iberdrola Australia

