

Australian Energy Markets Commission (AEMC)

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13 October 2022

Submission to AEMC ERC0347 Amending the Administered Price Cap: Directions Paper

The Australian Energy Council welcomes the opportunity to make a submission to the AEMC ERC0347 Amending the Administered Price Cap: Directions Paper (Directions Paper).

The Australian Energy Council (AEC) is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

As stated in our previous submission:¹

- the AEC supports an APC of \$600/MWh; and
- believes the level and method of calculation of the CPT remain unchanged in this rule change.

The AEC also supports the temporary level applying until 1 July 2025 as this aligns with when the results of the Reliability Panel's (the Panel) reliability standard and settings review would be implemented subject to the rule change process. The Panel's recommendation is for a \$500/MWh APC and if adopted would mean another APC change in 2025. This creates uncertainty for contract markets and the AEC suggests that where possible the AEMC should provide timely guidance to the market as to what the APC is likely to be from 1 July 2025.

The AEC supports no changes to the CPT for this rule change however we do believe there are aspects of the CPT that could be refined in the future.

While this in no way detracts from the AEC's support for this rule change, in our previous submission we suggested that the AEMC consult on a confidential basis with market participants as to how it will affect them in contract markets. Whether this has occurred is not mentioned in the Discussion Paper.

Any questions about our submission should be addressed to Peter Brook, by email to peter.brook@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,



Peter Brook

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Australian Energy Council

¹ <https://www.energycouncil.com.au/media/eklb3azu/20220901-aec-sub-apc-rule-change-final.pdf>