

REVIEW OF THE FORM OF THE RELIABILITY STANDARD & ADMINISTERED PRICE CAP REL 0086

14 July 2023

This is a short supplementary submission to our submission on 4th May where we supported continuation of the current form of the reliability standard.

We have recently had the opportunity to review the research commissioned by the AEC and undertaken by Endgame Economics. We believe that this research provides an important support for our earlier submission's view on retention of the existing form of the reliability standard.

As the research argues:

“To make the case for change, the Reliability Panel must show that there is a change in how customers value reliability. In particular, the Reliability Panel is required to show that the change in the distribution of USE changes the marginal cost of USE. In other words, the Reliability Panel must show that customers exhibit risk aversion, or an increasing marginal value of customer reliability, in terms of \$/kWh unserved, for larger USE events.”

This case is not made in the Issues Paper. The AER's VCR study shows evidence in the opposite direction i.e. VCR values decline for longer duration events. That aligns with the view of our members.

We are happy for this submission to be made public on the AEMC website.

Do not hesitate to get in contact should you have any questions.

Sincerely,



Andrew Richards
Chief Executive Officer