



420 Flinders Street, Townsville QLD 4810  
PO Box 1090, Townsville QLD 4810

[ergon.com.au](http://ergon.com.au)

28 September 2023

Ms Anna Collyer  
Chair  
Australian Energy Market Commission  
GPO Box 2603  
Sydney NSW 2000

Project Reference Code: ERC0290

Dear Ms Collyer

**National Electricity Amendment (Improving security frameworks for the energy transition) Rule 2023**

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 its directions paper on *Improving security frameworks for the energy transition* (the Paper).

Ergon Energy Retail supports the proposal presented in the Paper and considers that it is beneficial for the Australian Energy Market Operator (AEMO) to provide a clear indication of the key factors that would require any republication or updates to its projections.

Further, Ergon Energy Retail agrees that AEMO should consult on and publish a specification of synchronous and synthetic inertia. We consider that AEMO should provide details of their approach and decision-making process around the proportion of synchronous and synthetic inertia procured each quarter. In our view, this information will assist the market to better understand the upper bounds/and other issues that AEMO is considering when determining the mix of inertia sources to procure.

Ergon Energy Retail considers that transparency of the process and approach adopted by AEMO in their quarterly inertia reporting will be valuable for the market to understand, and which units/services they will likely be able to offer, and an indication of the compensation that can be expected for those services.

While we agree that a sunset clause is appropriate for this approach, Ergon Energy Retail considers that a 10-year sunset period is too long given the pace at which new dispatchable technology (which can offer system strength services) is projected to enter the national electricity market. While it is noted that it will take some time for AEMO to understand how the physical characteristics of new units offering synthetic inertia entering the market will interact with the incumbent synchronous plant, the proposed transitional framework

timeframe is at risk of becoming outdated as technology develops and the mix of generation and storage changes rapidly over the next three to five years. Likewise, the review period of seven years may be too long for the same reason.

Ergon Energy Retail also suggests that there is a risk that this mechanism, while proposed to overcome some of the shortcomings of the operational security mechanism, may not provide adequate or timely price signals to new entrants and market participants who wish to participate in the provision of system strength services.

Should the AEMC require additional information or wish to discuss any aspect of this submission, please contact me on 0429 394 855 or Laura Males on 0429 954 346.

Yours sincerely



Alena Christmas  
**Acting Manager Regulation**

Telephone: 0429 394 855

Email: [alena.christmas@energyq.com.au](mailto:alena.christmas@energyq.com.au)