

AEMC, Amendment of the Market Price Cap, Cumulative Price Threshold and Administered Price Cap, Draft rule determination, 14 September 2023

Submission

I refer to the consultation document issued by AEMO and the associated technical note entitled “Analysis Supporting the Amendment of the OMPC, CPT AND APC RULE CHANGE (ERC353)

I have read the documents and do not support the proposal.

There are several reasons for this namely:

- the initial reason for setting the market price cap to high levels was to encourage new entrants to enter the market. This has been successful, and number of generators have already entered the market based on the current rules and pricing arrangements.
- An increase in the MPC will not provide any additional capacity but will drive any existing thermal plant out of the market since they are the marginal generators. Increase in the market cap will only accelerate this process
- a number of these generators have been renewables including wind and solar generators collectively accounting for in excess of 20% of generation on a number of days. In addition, the level of roof-top solar provides substantial capacity. Accordingly, the existing arrangements have been successful

- Any increase in the MPC will provide benefits directly to renewable and solar generators when these are bid into the market. Their bidding approach will always be to bid into the market at low prices can do this and be certain of dispatch since coal and gas plant must always bid in recover their fuel costs.
- If the new rules are adopted, it would almost certainly benefit renewable plant.
- It is not clear how a change in the rule would not result in an increase in market prices. How this conclusion was arrived out needs to be explained

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