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

Project Reference Code: ERC0290

Dear Ms Collyer

Improving Security Frameworks for the Energy Transition Consultation

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 the updated Discussion Paper on the *Improving Security Frameworks for the Energy Transition* consultation.

Ergon Energy Retail has provided detailed comments below in response to the four consultation questions presented in the updated Discussion Paper.

1. *Contract Types - Do you consider that the revised arrangements for type 1 and type 2 contracts provide adequate investment certainty for new technologies and better reflect the new NEO and the pace at which system understanding is progressing?*

Ergon Energy Retail acknowledges that the primary purpose of the framework is to improve non-market ancillary services (NMAS). However, we consider there may be benefit in providing more structured guidance or details and order of preference on how the Australian Energy Market Operator (AEMO) could consider the emissions objective, particularly as it can provide more definitive market signals resulting from the Transition Plan and both types of contracts.

2. *Design Changes - Are there any further amendments to the transitional services framework you consider are needed?*

Ergon Energy Retail suggests that the framework could include a requirement for AEMO to incorporate its economic/pricing criteria for different types of contracts. Participants would then be able to, where possible, minimise the need and cost of engaging independent experts to assess the reasonableness of AEMO's proposed pricing arrangements.

3. Transparency - Do you consider the transition plan for system security would improve transparency on long term security needs?

Ergon Energy Retail agrees that the transition plan would improve transparency, provided that it also includes sufficient emphasis on both the technical and economic outcomes from its implementation.

4. Transitional Plan for System Security - Is there anything missing from the transition plan for system security that is needed to further promote investment signals and increase transparency on security needs?

Ergon Energy Retail suggests that the transition plan requirements could be enhanced by including transparent disclosure requirements relating to:

- a) actions that AEMO plans to take from the learnings captured in relation to new technologies; and
- b) its considerations of the emissions objective in type 1 and type 2 contracts.

Should the AEMC require additional information or wish to discuss any aspect of this submission, please contact me on 0429 394 855 or Tammara Scott on 0492 137 878.

Yours sincerely,



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