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Reliability Panel  
c/o Australian Energy Market Commission  
GPO Box 2603  
Sydney NSW 2000  
**Submitted online at:** [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Panel

**Submission: Draft Report – Review of the Form of the Reliability Standard and the Administered Price Cap**

CS Energy welcomes the opportunity to provide a submission to the Reliability Panel's (**the Panel's**) Draft Report on the *Review of the form of the Reliability Standard and Administered Price Cap (Report)*.

**About CS Energy**

CS Energy is a proudly Queensland-owned and based energy company that provides power to some of our state's biggest industries and employers. We employ almost 600 people who live and work in the Queensland communities where we operate. CS Energy owns and operates the Kogan Creek and Callide B coal-fired power stations and has a 50% share in the Callide C station (which it also operates). CS Energy sells electricity into the National Electricity Market (**NEM**) from these power stations, as well as electricity generated by Gladstone Power Station for which CS Energy holds the trading rights.

CS Energy also provides retail electricity services to large commercial and industrial customers throughout Queensland and has a retail joint venture with Alinta Energy to support household and small business customers in South-East Queensland.

CS Energy is creating a more diverse portfolio of energy sources as we transition to a new energy future and is committed to supporting regional Queensland through the development of clean energy hubs at our existing power system sites as part of the Queensland Energy and Jobs Plan (**QEJP**).

**Key recommendations**

The power system is undergoing unprecedented change with the uptake of new generation technology as the system transitions to a lower carbon footprint. This change in generation

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mix will change the landscape of reliability and security risks that the power system may face due to the increased reliance on the weather as a fuel source. This will result in a shift from the consideration of reliability primarily based on capacity adequacy to a more energy adequacy perspective. It is thus prudent to consider whether current market settings and processes appropriately encapsulate these emerging risks and requirements, as well as generating meaningful market signals.

CS Energy welcomes the Panel's outcome that the current form of the reliability standard remains fit-for-purpose as the NEM transitions. In previous submissions, CS Energy argued that the changing risk profile can be captured in the current standard but rather the way in which the Australian Energy Market Operator (**AEMO**) operationalises the standard will need to transition. Thus, CS Energy supports the Panel's findings that AEMO:

- Can communicate the standard in more appropriate ways without its form changing;
- Should continue to enhance its reliability modelling to take into account a larger range of weather conditions; and
- Should improve the modelling of future demand traces for reliability forecasting.

CS Energy acknowledges the extensive modelling exercise that the Panel underwent as part of this review. In the instance of high impact, low probability (**HILP**) events, CS Energy concurs that market settings are insufficient and inappropriate to utilise to meet the reliability needs of such low probability events. This is further strengthened by the Panel's modelling which found such events to be incredibly infrequent.

CS Energy previously advocated for a risk management framework approach to such events that would set out a clear decision-making framework and mechanism for the management of certain HILP reliability events external to the reliability standard. For example, a framework analogous to the protected events framework for system security may be worth exploring if there is a desire to pay for the management of these reliability events above and beyond the reliability standard. Similarly, a new category of the Reliability and Emergency Reserve Trader (**RERT**) could cautiously be explored as has been identified in the Report.

With respect to the Administered Price Cap (**APC**), CS Energy welcomes the Panel's decision that its form does not need to change. CS Energy's preference for the APC to be indexed to the consumer price index as per other market price settings remains.

If you would like to discuss this submission, please contact myself on 0407 548 627 or [ademaria@csenergy.com.au](mailto:ademaria@csenergy.com.au).

Yours sincerely



**Dr Alison Demaria**  
Head of Policy and Regulation