



Part of Energy Queensland

7 May 2024

Ms Anna Collyer
Chair
Australian Energy Market Commission

Project Reference Code: REL0086

Dear Ms Collyer,

Review of the form of the reliability standard and administered price cap, Draft Report

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex), both distribution network service providers (DNSPs) operating in Queensland, welcome the opportunity to provide a response to the Australian Energy Market Commission (AEMC) to its draft report on the Review of the form of the reliability standard and administered price cap.

As a key participant in ensuring the reliable and stable operation of the National Electricity Market (NEM), Ergon Energy and Energex agree with the Reliability Panel's:

- findings that the current form (and quantum) of the reliability standard and administered price cap remain fit for purpose; and
- plans to implement three possible process improvements to enhance the operation and implementation of the reliability standard.

Furthermore we:

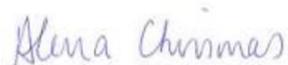
- agree there is a need to balance system cost against the Value of Customer Reliability (VCR) and how much consumers are willing to pay to avoid extreme, widespread, but rare single, or repeated outages;
- expect that elements and findings in the AEMC's draft report align to those factored into the Australian Energy Regulator's final determination of its VCR methodology (that will be published by 5 June 2024);
- would like to emphasise the importance of distributed energy resources, battery and especially electric vehicle forecasting in the future modelling of reliability performance in the NEM;

- support the AEMC's work to enhance its reliability modelling by increasing the number of reference years from the current 13 to 83, to account for a larger range of weather conditions including low wind and solar days and allow for the creation of 1,000 synthetic years to provide for calculations of probabilities of dark doldrums;
- recommend that the probability of exceedance (POE) inputs used in future reliability modelling include more diverse interdependencies between extreme weather events and unserved energy because of temperature and demand correlations - which may lead to modification of the POE methodology; and
- support the reliability standard's contribution to the achievement of the recently amended National Electricity Objective (including the incorporation of the emissions reduction component).

This letter does not contain any confidential information and may be published.

Should the AEMC require additional information or wish to discuss any aspect of this submission, please contact either myself, or Lindsay Chin on 0459 642 052.

Yours sincerely



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