

17 December 2020

Kate Degen
Senior Adviser
Australian Energy Market Commission

Submitted online



Dear Ms Degen,

Submission to Generator Registrations and Connections rule change

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the AEMC's consultation paper for the Generation Registrations and Connections rule change.

PIAC does not support the rule change proposal. We consider it will not deliver net benefits to consumers or pass the AEMC's assessment framework, in particular failing, on balance, to promote efficient investment and minimise administrative and regulatory burden.

If this proposed change were implemented, generators that would otherwise have been unscheduled would incur significant new capital and operating costs associated with installing and operating additional systems for market interfaces and SCADA, and face increased exposure to risk.

These costs and risks would obstruct or discourage some new generation projects from entering the market, excluding some generators from participating altogether and increasing the LCOE for those that do enter. This, in turn, would place significant upward pressure on wholesale prices. It is highly unlikely the potential benefit from more efficient dispatch and operation would outweigh this negative impact on competition in wholesale markets.

PIAC acknowledges there is a need to optimise price signals for dispatchability, but considers it is premature to make a change now. It is more appropriate that any change is made as part of the ESB's broader Post-2025 market design. Evidence in Table 2.3 of consultation paper, showing non-scheduled generation as a proportion of the total generation fleet has remained relatively stable over the past decade, suggests there is no urgent need for change. PIAC considers there is time to develop alternatives that do not introduce significant barriers to entry or impose unnecessary burden on participants.

Level 5, 175 Liverpool St
Sydney NSW 2000
Phone: 61 2 8898 6500
Fax: 61 2 8898 6555
www.piac.asn.au
ABN: 77 002 773 524

Continued engagement

PIAC would welcome the opportunity to meet with the AEMC and other stakeholders to discuss these issues in more depth.

Yours sincerely,

Miyuru Ediriweera

Senior Policy Officer, Energy and Water
Public Interest Advocacy Centre

Direct phone: +61 2 8898 6525

E-mail: mediriweera@piac.asn.au

Craig Memery

Policy Team Leader, Energy and Water
Public Interest Advocacy Centre

Direct phone: +61 2 8898 6522

E-mail: cmemery@piac.asn.au