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Thursday, 20 February 2020

Mitchell Shannon
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Shannon

RE: System Restart Services, Standards and Testing Draft Determination

ERM Power Limited (ERM Power) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) draft determination on the System Restart Services, Standards and Testing rule change.

About ERM Power

ERM Power (ERM) is a subsidiary of Shell Energy Australia Pty Ltd (Shell Energy). ERM is one of Australia's leading commercial and industrial electricity retailers, providing large businesses with end to end energy management, from electricity retailing to integrated solutions that improve energy productivity. Market-leading customer satisfaction has fuelled ERM Power's growth, and today the Company is the second largest electricity provider to commercial businesses and industrials in Australia by load¹. ERM also operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland, supporting the industry's transition to renewables.

<http://www.ermpower.com.au>

<https://www.shell.com.au/business-customers/shell-energy-australia.html>

General comments

ERM Power considers that the AEMC's System Restart Services, Standards and Testing draft determination is a sensible and logical response to the issues raised in the rule change request. The AEMC's more preferable draft rule should better meet the National Electricity Objective than the rule change request by ensuring the economic benefits derived by consumers are greater than any additional implementation and ongoing costs arising from the proposed changes compared to the current procurement framework.

In particular, we welcome the AEMC's decision to allow for participants to apply for compensation to cover direct costs incurred as a result of testing. The Commission must ensure that the economic benefits derived by consumers are greater than any additional implementation and ongoing costs arising from the proposed changes compared to the current procurement framework.

The National Electricity Market (NEM) is transitioning at a rapid pace from a somewhat legacy centrally-designed landscape where consumers were supplied by a small number of dispatchable large capacity and smaller capacity support generators. The market is shifting to one characterised by a large number of small generators, distributed energy resources and the evolution of the prosumer where large amounts of this capacity is unable to be accurately dispatched by the market operator. We consider that the AEMC's draft rule will ensure that the system

¹ Based on ERM Power analysis of latest published information.



restart framework will have enough flexibility to respond to changing market conditions in the future and also contains a robust governance arrangement so that consumers, participants and other stakeholders are confident that the procurement process acts in the best interest of consumers.

Finally, while we support AEMO's proposed rule change to enable the contracting of system restart support services (SRSS) to facilitate the restart of the power system where it is demonstrated that this leads to the most efficient outcome for consumers, we remain concerned that SRSS will be prescribed in the System Restart Ancillary Services (SRAS) Guideline rather than the Rules. We believe that SRSS would be better prescribed as a separate service within the Rules with guidance provided by the Reliability Panel in the System Restart Standard regarding the types of services and their economic procurement.

Please contact me if you would like to discuss this submission further.

Yours sincerely,

[signed]

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