



5 February 2021

The Commissioners
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Sent by: online lodgement

**Prioritising System Security during market Suspension
ERC 03056**

Major Energy Users Inc (MEU) is pleased for the opportunity to provide its views on the AEMC Consultation Paper relating to prioritising arrangements for system security during market suspension. The MEU apologises for this submission being late and points to the excessive consultation initiated by all four market bodies (including the AEMC) since before the festive break.

The MEU was established by very large energy using firms to represent their interests in the energy markets. With regard to all of the energy supplies they need to continue their operations and so supply to their customers, MEU members are vitally interested in four key aspects – the cost of the energy supplies, the reliability of delivery for those supplies, the quality of the delivered supplies and the long-term security for the continuation of those supplies.

Many of the MEU members, being regionally based, are heavily dependent on local staff, suppliers of hardware and services, and have an obligation to represent the views of these local suppliers. With this in mind, the members of the MEU require their views to not only represent the views of large energy users, but also those interests of smaller power and gas users, and even at the residences used by their workforces that live in the regions where the members operate.

It is on this basis the MEU and its regional affiliates have been advocating in the interests of energy consumers for over 20 years and it has a high recognition as providing informed comment on energy issues from a consumer viewpoint with various regulators (ACCC, AEMO, AEMC, AER and regional regulators) and with governments.

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The MEU stresses that the views expressed by it in this response are based on looking at the issues from the perspective of consumers of electricity and it has not attempted to provide any significant analysis on how the proposed changes might impact other stakeholders.

As an initial comment, the MEU does not support the proposed rule change. The reasons for this are as follows:

Materiality

The MEU does not consider the issue material as there have only been two instances over the life of the NEM where the issue has been seen to be a problem. It would appear that AEMO used its powers sensibly to manage the problem when it occurred and there is no evidence of significant harm to the market as a result of the lack of the proposed rule.

What is not clear from the Consultation Paper is whether the AEMC (and the rule proponent) has an expectation that it considers that the market will exhibit increased episodes of market suspension. If there is an increased expectation of market suspensions then the market design itself needs to be changed to prevent this occurring. If this is the case, the Energy Security Board would be addressing this element within its post 2025 market review and if there is an expectation of increased occurrence of market suspension then this must be addressed within the post 2025 review, rather than providing greater direction to AEMO as to how it should address the problem.

As any new rule to address this infrequent occurrence, will effectively have minimal impact on the market, any change that is introduced must not impose significant costs on AEMO or market participants.

Assessment framework

The MEU considers that the AEMC assessment framework as detailed. The MEU notes that AEMO has already demonstrated that it will act sensibly when there is a market suspension and AEMO provided adequate information for participants to continue to be involved in the market. With this in mind, the MEU does not consider that there is any need to change the current practices that provide participants with sufficient information during the suspension period.

With this in mind, the MEU does not agree with removal of any of the current requirements for AEMO to provide continuous, accurate and useful information to market participants. In fact, the MEU considers that requiring AEMO to provide a new reporting requirement (as implied in the proposed rule) would be a useful addition to the current requirements.

Solutions for the apparent need

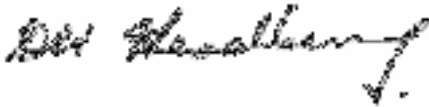
As noted above, the MEU does not see a need for the proposed rule.

If a new rule is considered necessary, the MEU supports option 1 which allows AEMO the flexibility to manage the market in the most appropriate manner. Effectively, this is what AEMO has done in the past. As the occurrence is extremely infrequent, it seems that providing any additional guidance to AEMO as to how it will best manage the suspension would be unnecessary. The MEU considers that it would be appropriate for AEMO to report as to how it managed any conflict in the rules when the suspension is resolved.

The MEU does not support option 2 and considers that this will impose unnecessary obligations on AEMO that are not warranted in light of the materiality of the issue.

The MEU is happy to discuss the issues further with you if needed or if you feel that any expansion on the above comments is necessary. If so, please contact the undersigned at davidheadberry@bigpond.com or 0417 397 056.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Headberry', with a stylized flourish at the end.

David Headberry
Public Officer