



Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Pierce

The Energy and Technical Regulation Division (Division) of the Department for Energy and Mining thanks you for opportunity to make a submission on the *Generator three year notice of closure* draft determination published on 16 August 2018 (ERC0239).

The Division recognises the benefits that would accrue from the making of this rule change through improved information provision and transparency, enabling better informed and efficient decision-making by market participants and the operator.

As indicated in our submission on the consultation paper, the Division supports the proposed application to all scheduled and semi-scheduled generators for its simplicity as an existing classification. With the differences in generation capacities across regions, and as the energy transformation occurs, setting an appropriate and enduring threshold size in numeric terms would be challenging.

The Division supports the draft determination's clarification that if a generator amends a closure date, the three years' notice requirement applies from the date of the initial notice given under clause 2.10.1(a)(2) to avoid potential mis-use of the amendment provision.

The Division notes the Commission has recommended that the proposed new clauses 2.10.1(c1) and (c2), requiring three years' notice of the closure date, be classified as civil penalty provisions, aligning with the Finkel Review recommendation for a "binding" notice of closure. This will be a matter for the COAG Energy Council to consider. In the case of new clause 2.10.1(c3), to the extent that the specified circumstances have been satisfied, namely, that an event beyond the reasonable control of the generator has occurred, or it could not have reasonably been foreseen by the generator, it seems appropriate that this not be a civil penalty provision. However, it may be prudent to monitor the interplay of this new non-binding clause with the preceding clauses recommended to be classified as civil penalty provisions.

Finally, the Division notes the Commission's incorporation of transitional provisions to ensure the provision of the expected closure years by all existing generators, not only by new registrants. This provides a more meaningful proposal, more in keeping with the intent of the Finkel Panel's recommendation and allowing for much earlier realisation of benefits.

Thank you for accepting our submission. Should you wish to discuss this further, please contact Ms Rebecca Knights, Director – Energy and Technical Regulation Division, on (08 8226 5500).

Yours sincerely,



Vince Duffy

Executive Director, Energy and Technical Regulation

28 September 2018