



Your ref: ERC0336

3 February 2022

Australian Energy Market Commission  
GPO Box 2603  
Sydney NSW 2000  
**Submitted online to:** [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Sir/Madam

**Submission: Extension of time and reduction in scope of the  
2022 reliability standard and settings review**

CS Energy welcomes the opportunity to provide a submission to the Australian Energy Market Commission's (**AEMC's**) *Draft Determination – Extension of time and reduction in scope of the 2022 reliability standard and settings review (Draft Determination)*.

**About CS Energy**

CS Energy is a Queensland energy company that generates and sells electricity in the National Electricity Market (**NEM**). CS Energy owns and operates the Kogan Creek and Callide B coal-fired power stations and has a 50% share in the Callide C station (which it also operates). CS Energy sells electricity into the NEM from these power stations, as well as electricity generated by other power stations that CS Energy holds the trading rights to.

CS Energy also operates a retail business, offering retail contracts to large commercial and industrial users in Queensland, and is part of the South-East Queensland retail market through our joint venture with Alinta Energy.

CS Energy is 100 percent owned by the Queensland government.

**Key recommendations**

CS Energy commends the AEMC for the more preferable rule change reflected in the Draft Determination that has the effect of respecting the instituted governance arrangements in the NEM. The Reliability Panel is best placed to undertake a review of the reliability standard and settings under all scenarios.

In this respect, CS Energy suggests the more preferable rule change can be strengthened to require that any changes to the reliability settings arising from any potential capacity mechanism proposed by the Energy Security Board (**ESB**) undergo the standard review

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process by the Reliability Panel. This will maintain the integrity of the NEM frameworks and allow appropriate transparency and industry representation in the recommendation of any changes to the settings should a capacity mechanism be progressed. The Draft Determination acknowledges the importance of the reliability settings in the market and the role of the Reliability Panel. This remains unchanged in the context of capacity mechanisms.

Furthermore, the Reliability Panel should be responsible for the development of an appropriate metric on which procurement for the potential capacity mechanism is based. This will be a natural extension of the economic assessment performed as part of the standard review.


CS Energy considers that the more preferable rule change should be amended to:

- Expand the remit of the Reliability Panel to explicitly include the review of any changes to the reliability settings that may be recommended as part of a capacity mechanism;
- Require the Reliability Panel to develop and review the procurement metric of any proposed capacity mechanism; and
- Extend the expiry date of the more preferable rule change to accommodate these requirements.

CS Energy agrees with the other aspects of the more preferable rule change.

If you would like to discuss this submission, please contact me on 0407 548 627 or [ademaria@csenergy.com.au](mailto:ademaria@csenergy.com.au).

Yours sincerely



**Dr Alison Demaria**  
Head of Policy and Regulation (Acting)