

21 April 2022

Australian Energy Market Commission

Submitted online: <https://www.aemc.gov.au/contact-us/lodge-submission>

## **Submission to the AEMC's consultation paper on ERC00340 – AER reporting on market outcomes**

Dear Ms Antonia Flowers

Delta welcomes the opportunity to respond to the AEMC's AER reporting on market outcomes consultation paper.

### **Delta supports streamlining the rules to allow more efficient and targeted AER reporting of significant price outcomes**

Delta notes the existing market reports published by the AER are useful and often essential for market participants to understand significant price outcomes, as it is typically only the AER that has access to all the information needed to understand these events.

Delta generally agrees with the AER's proposed rule as this still requires the AER to report on significant price outcomes. The proposed rule allows the AER discretion through its guideline (to be developed by the AER through consultation) to define, and amend from time to time, the criteria and methodology used to define these events. If the proposed rule is carried through to the final rule, it will allow the AER to focus its resources on what it determines to be genuine significant price outcomes. This will most likely reduce the reporting burden on the AER and also reduce the burden on stakeholders in reviewing these reports.

In relation to consultation on the guideline, Delta agrees that two rounds of consultation may be overly burdensome on both the AER and stakeholders for not much incremental gain but considers one round of consultation open to all in a public process would be preferred over the AER deciding who it is appropriate to engage.

Further detail is provided in response to the consultation paper questions in Attachment 1. To discuss the content of this submission please contact me at [joel.aulbury@de.com.au](mailto:joel.aulbury@de.com.au).

Yours sincerely



Joel Aulbury  
Regulation and Strategy Manager



## ATTACHMENT 1

### Response to consultation paper questions

AEMC consultation paper questions	Delta response
<p><b>QUESTION 1: ASSESSMENT FRAMEWORK</b></p> <p>a) Is the proposed assessment framework appropriate for considering the AER's rule change request?</p> <p>b) Are there any other relevant considerations that should be included in the assessment framework?</p>	<p>Yes. Delta agrees that assessment criteria of improving information transparency and reducing regulatory burden are appropriate to measure this rule change request against.</p>
<p><b>QUESTION 2: MOVING TO A PRINCIPLES-BASED FRAMEWORK</b></p> <p>a) Do stakeholders agree that moving to principles-based reporting requirements will result in flexible reporting that delivers more transparent and relevant information as the market evolves?</p> <p>b) Are stakeholders concerned that some significant price events may not be reported on which should be?</p>	<p>Yes. Delta agrees that a principled based approach will allow the AER to target its reporting on significant price outcomes that are of interest to stakeholders.</p> <p>Delta considers if the AER consult on the development and future iterations of its guideline stakeholders will have input into how significant price outcomes are defined and this would remove concern that the AER may inadvertently miss reporting on some significant price outcomes.</p>
<p><b>QUESTION 3: DEFINING SIGNIFICANT PRICE OUTCOMES IN GUIDELINES</b></p> <p>a) Is it appropriate for the rules to specify requirements on the criteria for significant price outcomes in the guidelines?</p> <p>b) If so, what requirements? For example, a requirement for the AER to establish, in its reasonable opinion, price thresholds and the duration or frequency of these thresholds being met</p>	<p>Yes, it is appropriate for the NER to outline the requirements on criteria for how significant price outcomes are defined in the guideline.</p>



AEMC consultation paper questions	Delta response
<p><b>QUESTION 4: FREQUENCY OF REPORTING</b> Do you consider that the AER’s proposed time frames contribute to improving information transparency through more useful reporting, and increase flexibility to accommodate future changes in the market?</p>	<p>Yes. Delta agrees with the AER’s proposed quarterly reporting and where appropriate reporting at times other than the quarterly cycle. The AER’s guideline should outline or provide examples of significant price outcomes that would be reported in the quarterly report and those that may be reported sooner.</p> <p>Providing this detail in the guideline would allow stakeholders to have input into how these events are defined and would set a common understanding of the type of events that may be reported before the next quarterly report.</p>
<p><b>QUESTION 5: PRINCIPLES FOR REPORTING</b> Do the AER’s proposed principles effectively cover information that will be most useful for stakeholders to understand the key drivers of market outcomes?</p>	<p>Delta agrees with the factors proposed by the AER and suggests an additional factor of ‘change in demand’ could also be included. For example, the loss of a large load or sudden increase in demand could contribute to a significant price outcome.</p>
<p><b>QUESTION 6: CONSULTATION PROCESS FOR GUIDELINES</b> a) Should the AER consult with persons it considers appropriate, or should there be an explicit requirement for consultation to be open to all in a public process? b) How many rounds of consultation should be required? c) Should a consultation process be required for future significant amendments to the guidelines, and if so, should this process be different to the process required for the establishment of the guidelines?</p>	<p>Delta considers a consultation process open to all stakeholders is preferred, and this should be held for iterations to the guideline, not just its initial development. A public engagement process for developing the guideline is more transparent and would allow greater confidence in a move to a more principles-based approach in the NER. One round of consultation would likely suffice given the relatively uncontroversial nature of this issue and would reduce the burden of the process.</p>