



Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2001

26 June 2023

To Anna Collyer,

National Electricity Amendment (Amendment of the Market Price Cap, Cumulative Price Threshold and Administered Price Cap) Rule – Consultation Paper

ENGIE Australia & New Zealand (“ENGIE”) appreciates the opportunity to respond to the Australian Energy Market Commission (“the Commission”) in response to the Reliability Panel’s rule change request to amend the Market Price Cap (“MPC”), Cumulative Price Threshold (“CPT”), and Administered Price Cap (“APC”).

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE has interests in generation, renewable energy development, and energy services. ENGIE, the owner of Simply Energy, is also a leading provider of electricity and gas to business and retail customers accounts across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

ENGIE supports the Reliability Panel’s rule change request to amend the market price settings to the levels recommended in its 2022 Reliability Standard and Settings Review.

We support increases to the MPC and CPT

ENGIE supports the Reliability Panel’s recommendations to increase both the MPC and CPT.

It is important that the MPC is set at the right level to attract new investment, particularly in the context of progressive closure of coal capacity and the need for new investment in flexible dispatchable capacity. ENGIE agrees with the Reliability Panel that the current level of the MPC will not support the investment required to achieve the reliability standard.

ENGIE also agrees with the Reliability Panel’s recommendation to transition the CPT to a level that is greater than 7.5 hours of cumulative MPC price levels. While we have consistently argued that the CPT should be decoupled from the MPC, ENGIE considers that the Reliability Panel’s recommendation is an acceptable compromise for the upcoming 2025 to 2028 period.

ENGIE supports the increases in the MPC and CPT occurring in known increments over the 2025 to 2028 period, as this provides transparency and predictability to industry participants. In our view, the benefits of gradually increasing the MPC and CPT would justify the modest increase in consumer bills that are forecast over the period.

A permanent increase in the APC of \$300/MWh is necessary

ENGIE agrees with the Commission that the existing APC of \$300/MWh is inappropriate, and that this consultation should focus on the merits of an APC of \$500/MWh or \$600/MWh to apply over the 2025 to 2028 period. Of these two options, ENGIE would support retaining the APC at its temporary level of \$600/MWh. In our view, the risks and costs of setting the APC too low outweighs that of setting it slightly higher than necessary and ensuring that the market will continue to clear without additional intervention. Retaining the APC of \$600/MWh would also promote stability for industry stakeholders, in the context of the recent and ongoing reviews into the APC.

Although the Commission has stated that ongoing indexation of the APC will not be considered in this review, ENGIE considers that this is an important reform to ensure that APC remains at a commercially relevant level over time. This would avoid the need to implement significant one-off increases in future periods.

Concluding remarks

Should you have any queries in relation to this submission please do not hesitate to contact me on, telephone, 0436 929 403.

Yours sincerely,



Matthew Giampiccolo

Senior Regulatory Advisor