



To: AEMC
From: Australian Coal Energy Council
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The Australian Coal Energy Council (ACEC) was founded in 2023 to represent the interest of major coal generators and coal mines in Australia including their investors and workers. We aim to provide a balanced view on the energy transition. Our key principle is that near term jobs and investor returns are just as important as science in decision making.

The ACEC supports the recommended hybrid model

The AEMC have proposed a model which correctly balances the needs of the incumbent industry with new investors. The Priority Access Proposal (PAP) correctly acknowledges that protecting and rewarding existing generators is important for encouraging new investors.

PAP will allow coal generators to dispatch ahead of any new renewable generators. This prevents new renewable generators from undercutting key market investments. All privately owned coal assets have all been purchased in the last ten to twenty years. Their investors are still recovering their costs. PAP will help compensate coal generators for the implicit carbon signals created by state governments.

Queue positions also ensure that generators are protected when they propose new projects. This should be allocated as early as possible. AEMC should allow generators to delay connection as long as is necessary but still retain their queue positions. While PAP may result in slower uptake of projects it will support private equity investors.

We note the wide area constraints raised by the AEMC may result in new generators taking more risk. They may be curtailed instead of existing generators today. Again this will help reduce headwinds on existing generators.

We likely support the proposed Congestion Relief Market Proposal (CRM). AEMC has shown that without action investors would repeatedly build solar projects with over 85% energy curtailed¹. This shows that many renewable investors do not know what they are doing. It is clear that intervention is required.

We acknowledge industry feedback that this is a complex proposal. This will be helpful. Smaller renewable investors will not be able to participate in the market. Instead existing businesses will

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<https://esb-post2025-market-design.aemc.gov.au/32572/1629773972-fti-esb-forecast-congestion-in-the-nem-final-5-august-2021.pdf>



be able to make the majority of investments. This will be good for the wider market as customers will only be able to buy from large businesses that are naturally more focused on consumers.

Conclusion

We believe that the PAP and CRM will work as intended. We thank the AEMC for not being swayed by the claims that the NEM can achieve 82 per cent renewables. By working with the CIS this will slow renewable investment. This will give existing generators especially fossil fuel generators more time to evaluate the transition. Supporting key equity investors in thermal plant is also key.

The AEMC may next want to consider other proposals to further stabilise the existing market such as capacity markets and day ahead markets.

Regards

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