

16 July 2025

Ms Anna Collyer
Chair
Australian Energy Market Commission

Project Reference Code: REL0094

Dear Ms Collyer

2026 Reliability Standard and Settings Review

Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy Network), both distribution network service providers (DNSPs) operating in Queensland, welcome the opportunity to provide comment to the Australian Energy Market Commission (AEMC) in response to the 2026 Reliability Standard and Settings Review Issues Paper (Issues Paper).

Under the National Electricity Rules, the Reliability Panel (the Panel) is required to review the reliability standard and reliability settings every four years. We understand the purpose of this Issues Paper is to set out the Reliability Panel's approach to the 2026 review and identify issues for stakeholder feedback.

Energex and Ergon Energy Network agree with the AEMC's statement that long-term demand forecasting is increasingly uncertain and opaque for DNSPs and the Australian Energy Market Operator due to changing consumer behaviours and increased uptake of customer energy resources (CER), such as rooftop solar photovoltaic (PV).

It is our view, that the existing reliability framework will be increasingly stretched to consider more difficult patterns of behaviours. We anticipate that the ramp up of rooftop solar PV in the commercial/industrial sector will now start to increase rapidly at the same time as energy storage and electric vehicles become more prevalent, meaning that load and generation technology adoption will occur simultaneously which will make the underlying demand assumptions even more difficult to predict in the commercial/industrial sector than for the residential sector.

Queensland's emergency backstop mechanism activates only as a last resort at the direction of the Australian Energy Market Operator and enables Energex and Ergon Energy Network to reduce the risk of state-wide power outages by switching particular inverter energy systems off in an energy emergency situation.

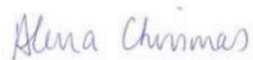
We are aware that there have been discussions in a variety of forums that backstop mechanisms are unnecessary as the existing market floor price (MFP) will drive sufficient

curtailment of generation to keep the power system secure. Based on observations to date, we have not seen sufficient validated market behaviours that support such suggestions. It is not immediately clear whether that is a result of the current level of the MFP, the asymmetry of the MFP to market price cap (MPC) or other factors outside of the remit of the Panel.

We understand that the 2026 review will consider the level of market prices settings, such as the MFP. We acknowledge that the MFP (and MPC) serve a much wider need than just to avoid minimum system load constraints and could have other perverse outcomes. Nevertheless, we encourage the Panel to undertake a detailed economic assessment to investigate whether the existing MFP is sufficient and how it may best be used to influence generation curtailment to avoid minimum system load constraints and the use of backstop mechanisms.

Should you require additional information, please contact me or Mark Simpson on 0467 837 450 or mark.simpson@energyq.com.au.

Yours sincerely,



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