From: [redacted]
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To: Submissions <Submissions@aemc.gov.au>
Subject: 2026 Review of the Reliability Standard and Settings Review (RSS Review) - Could not make a submission using AEMC form

2026 Review of the Reliability Standard and Settings Review (RSS Review)

Question 1: Large-scale VRE, CER and storage is replacing thermal generation

What are the implications of this changing generation mix for the reliability outlook for 2028–2032?

Answer:

The forced and accelerated replacement of dispatchable thermal generation with intermittent variable renewable energy (VRE) — largely wind and solar — has already destabilised the NEM and threatens to undermine reliability further by 2028–2032.

The intermittent, weather-dependent nature of VRE creates systemic gaps in energy availability during periods of low sunlight and wind, which neither storage technologies nor demand response can adequately or economically compensate for.

Adequate storage remains prohibitively expensive, extremely hazardous, insecure, short-duration, and logistically insufficient, while consumer energy resources (CER) add volatility, insecurity, exposure to personal fire/contamination danger and complexity, not reliability.

The outlook for 2028–2032 is not just risky — it is deliberately self-sabotaging, engineered by political mandates and not market signals.

Any so-called "transition" being touted ignores engineering realities, placing ideology before stability.

Question 2: CER and demand implications

How is the uptake of distributed resources and the growth of electrification going to impact reliability risk?

How should the reliability framework manage the uncertainty that these changes create?

Answer:

The uptake of CER (rooftop PV, home batteries, EVs) increases uncertainty, price shifts the unaccounted for infrastructure cost burden onto consumers, reduces visibility, and weakens AEMO's ability to forecast demand accurately. Electrification of sectors like transport and heating will increase peak demand profiles and stress grid capacity, particularly during evening peak periods when solar generation is nil.

Far from reducing reliance on centralised generation, these trends compound risks by shifting demand in unpredictable ways.

The reliability framework must urgently return to a planning-first approach rather than relying on backward-looking spot price signals. It must reintroduce firm capacity obligations and capacity markets, or the system will remain exposed to shortfalls and cascading failures.

Managing uncertainty requires engineering discipline — not hope, assumptions, or real-time experimentation on critical infrastructure.

Question 3: Impact of government policies on reliability settings

What implications do emission reduction policies have for the Panel's assessment of the reliability standard and settings?

What are your views on the impact of State and Commonwealth government energy policies on the reliability settings?

Answer:

Emission reduction policies — particularly those legislated at the State level with zero regard for NEM-wide reliability — are fundamentally incompatible with a market-based reliability framework.

By distorting supply and undermining price signals through direct interventions, subsidies, and contracts-for-difference, these policies make the very foundation of the RSS — competitive, price-based resource adequacy — obsolete.

State and Commonwealth governments are effectively picking winners, distorting investment signals, and eroding the purpose of the reliability settings.

The Panel's attempt to fold emissions objectives into reliability assessments is intellectually dishonest and technically incoherent.

Reliability and 'decarbonisation' must be treated separately — engineering must not be subordinated to ideology.

Question 4: NEM Review

What impact do you consider the NEM review will have on the reliability standard and settings?

How should this process interact with the ongoing review?

Answer:

The NEM Review by the Commonwealth is poised to replace the current energy-only market design with a centrally planned capacity market under the guise of "reliability reform."

If implemented, it will make this RSS review redundant.

The Panel must recognise that this RSS process is being overtaken by political fiat and top-down restructuring.

The process must confront this reality, not pretend it's business as usual.

It should explicitly state that enduring investment signals and reliability outcomes cannot coexist with ongoing intervention, subsidies, and external "investment schemes."

Either the market is allowed to function independently, or it is dismantled and replaced — continuing to pretend both can coexist is deceptive.

Question 5: The level of the Reliability Standard and consideration of VCR

Do you consider that there is evidence that a different level of the reliability standard would deliver better overall outcomes for the NEM?

How will increased CER affect the value consumers place on reliability?

How should the Panel account for the 2024 VCR values?

Answer:

The current USE threshold of 0.002% is already dangerously lenient and was undermined further by the 0.0006% interim reliability measure — which expires in 2028.

Given the changing generation mix and increased volatility, relaxing the reliability standard or maintaining the status quo would be reckless.

The 2024 VCR review showed that consumers value reliability more than the Panel is willing to admit, particularly as electrification increases dependency on electricity.

The Panel must treat VCR as a binding constraint — not a discretionary factor — and model scenarios where stricter reliability standards are enforced, rather than assumed infeasible.

Question 6: Other issues the Panel should consider

Answer:

Yes — the Panel must consider:

*Withdrawal of firm capacity from the system without replacement

*Diminishing real dispatchability of VRE+storage systems under multi-day lulls

*Inertia, system strength, and voltage control gaps that will worsen

*Over-reliance on demand response without customer willingness or economic feasibility

*Loss of investor confidence due to regulatory uncertainty and constant intervention

*The Panel must also acknowledge that modelling based on assumptions of “perfect foresight” or “rational market responses” no longer reflects actual market conditions under extreme interventionism.

Question 7: Consultation questions on the MPC

How effective is the MPC in delivering investment under transition?

Should government schemes or new technologies affect MPC?

How should emissions be valued in the MPC setting?

Answer:

The MPC has been rendered impotent by government interventions.

With capacity underwritten by taxpayer-funded schemes, the investment signal the MPC once provided is irrelevant. Projects now compete for government contracts, not market outcomes.

Adjusting the MPC without dismantling these schemes is cosmetic and futile.

New technologies, particularly storage and hybrids, should be incentivised through market signals — not planning targets.

However, as long as emissions reduction is conflated with economic optimisation, the MPC will be skewed to favour politically aligned assets rather than reliability-oriented ones.

Emissions valuation has no place in the calculation of a market price cap intended to ensure reliability.

Question 8: MFP (Market Floor Price)

Answer:

The current MFP of –$1,000/MWh is no longer fit for purpose.

The prevalence of "race-to-the-floor" bidding, driven by subsidy-backed VRE trying to maintain output despite negative prices, is clear evidence that the MFP is distorting dispatch and failing to reflect system needs.

The Panel should consider:

*A lower MFP (e.g., –$2,000/MWh) to improve price signals

*A negative CPT to curb extended periods of uneconomic operation

*Curtailment mandates for VRE that distort price formation through volume dumping

*The current MFP encourages perverse outcomes and is divorced from physical system value.

Question 9: CPT (Cumulative Price Threshold)

Answer:

Yes, the CPT must remain technology-neutral in principle, but its formulation is out of date.

It should be recalibrated to better reflect system costs over prolonged stress periods.

Separate CPTs for FCAS and Energy markets are a minimum reform to ensure essential services are not inadvertently constrained during concurrent events.

The interaction between FCAS and Energy CPTs is increasingly problematic, as technologies like batteries and VPPs straddle both.

A one-size-fits-all approach is inappropriate and poses compounding risks.

Question 10: APC (Administered Price Cap)

Answer:

The current APC of $600/MWh is grossly inadequate and arbitrarily suppresses real operating costs during crisis events.

In recent years, AEMO has had to rely on manual interventions or out-of-market actions because the APC undercompensates peaking and firm assets.

The Panel must:

*Raise the APC in line with actual SRMCs of fast-start and firming plant

*Remove political resistance to price realism during emergencies

*Recognise the long-term damage done by distorted contract market pricing under an artificially suppressed APC

*There is strong evidence the APC is suppressing forward contract liquidity and undermining new investment in reliable assets.

Question 11: Indexation of market settings

Answer:

Current CPI-based indexation is too narrow.

The Panel should consider:

*Input cost indexation, including fuel and capital costs

*Technology-weighted indexation, reflecting changing asset mixes

*Geographical cost differentials, especially as decentralisation increases

*Relying solely on CPI ignores material cost pressures facing firm generators and fails to maintain adequacy of market signals.

Question 12: Modelling approach

Answer:

The high-level modelling approach is overly reliant on theoretical assumptions and ignores the real-world chaos introduced by political interference.

It is too dependent on "efficient frontier" logic, which breaks down in the presence of non-economic market interventions.

The Panel should:

*Introduce conservative, risk-based scenarios grounded in engineering limits

*Validate assumptions against actual outcomes from past years, not projected ideals

*Model non-linear effects of multiple stressors, such as concurrent system strength and supply issues

*The Panel's approach, as it stands, is dangerously optimistic and fails.

Question 13: Proposed method of including emissions implications in the modelling

• Do stakeholders agree with the high-level approach to including emissions in the modelling?

• Are there any further ways we should be considering emissions?

Answer:

No — stakeholders should strongly oppose the current approach.

The inclusion of emissions implications within reliability modelling is a dangerous and conceptually incoherent conflation of two unrelated objectives.

Reliability is a physical and economic metric, grounded in delivering secure supply of electricity to consumers.

It should not be distorted by emissions policy, which is already the domain of government intervention and separate schemes (e.g. Safeguard Mechanism, state-based REZ policies).

The high-level approach treats emissions reduction as an economic "value" to be optimised, effectively embedding ideological assumptions into technical models.

This undermines the integrity of the RSSR and violates the original purpose of reliability settings — to ensure adequacy and operational resilience.

Emissions reductions should be treated, at most, as external constraints or sensitivity bounds — not monetised objectives within investment modelling.

Introducing an emissions "value" in reliability assessment transforms modelling into propaganda, not engineering.

Further Considerations:

The Panel must ensure that any emissions-related inputs do not override system reliability outcomes in scenario rankings.

A parallel emissions stream could be modelled for information purposes — but must not influence final recommendations unless explicitly backed by legislative requirements (not aspirational targets).

Question 14: Modelling principles, inputs, assumptions and limitations

• Do stakeholders agree with the principles, inputs, assumptions and limitations listed in this section?

If not, why?

• Are there any additional principles, inputs, assumptions or limitations that the Panel should consider in this review?

Answer:

Stakeholders should reject the modelling framework in its current form.

There are multiple severe shortcomings:

*Preordained outcomes:

The modelling appears structured to validate a predetermined VRE-dominated future, rather than genuinely test its feasibility against diverse pathways.

*Omission of critical counterfactuals:

The Panel fails to include scenarios that test retention of dispatchable thermal capacity, nuclear introduction, or large-scale CCUS deployment.

This limits the spectrum of reliability outcomes and distorts policy implications.

*Misrepresentation of storage: Assumptions around storage are overly optimistic, often assuming perfect charge/discharge availability and unrealistically high capacity factors, ignoring degradation and state-of-charge limitations.

*Neglect of extreme climate and weather correlations:

Modelling does not appear to integrate climate-synchronised renewable output risk — e.g. multi-week wind lulls during heatwaves.

*Disregard of geopolitical supply chain risks:

No input assumptions capture infrastructure delivery delays, materials bottlenecks, or project failures that are now common in global renewables supply chains.

*Additional principles that must be considered:

Scenario realism and build uncertainty — include probabilistic failure rates for projects and delivery timeframes.

Explicit constraints for firming resource build — including limits on long-duration storage development.

Stochastic outage modelling of both intermittent and firm generation — not just deterministic demand-supply balancing.

Explicit assessment of black system risk — not just expected USE.

Without these corrections, the modelling cannot produce credible reliability recommendations.

Question 15: Feedback on sensitivities

• Do stakeholders agree with the sensitivities listed above?

• Are there other sensitivities the Panel should consider for this review?

Answer:

The existing sensitivities are insufficient and biased toward optimistic ‘renewable’ futures which have no hope of working.

Key gaps include:

Sensitivities the Panel must add:

*Delayed thermal generator closures:

Test scenarios where major coal plants (e.g. Eraring, Loy Yang A) are extended due to reliability concerns or political necessity.

*Renewable project failure or underperformance rates:

Model real-world failure-to-complete rates (20–40%+), curtailment impacts, and system constraints limiting VRE effectiveness.

*Severe low VRE output events:

Model climate-linked extended VRE droughts — e.g., 10–14 day low-wind + cloud cover periods that coincide with high demand.

*Higher-than-expected demand scenarios:

Account for typically irresponsible, faster electrification driving peak loads beyond planning forecasts.

*Withdrawal of government support schemes or delays in delivery:

Reflect potential policy reversals, budget cuts, or community resistance to new infrastructure builds (REZ transmission, Industrialised Solar/Wind/BESS, pumped hydro, etc.).

*Technological failure scenarios:

Assess system-level outcomes if key technologies (e.g. VPPs, distributed battery orchestration) underperform or fail to scale.

*Geopolitical or economic supply shocks: Model exposure to global component shortages, commodity inflation, or critical mineral trade disruptions.

Summary:

The Panel must shift from treating sensitivities as political box-ticking to actual risk assessment tools.

The current set reflects only modest variation within a fragile system design — not genuine stress testing of reliability under complex, real-world conditions.

Conclusion

These answers are grounded in engineering and market realism — not ideology.

The Regulator has our Australian Electricity Grid heading toward a collision between political ambition and physical capability, and the RSSR process risks becoming a rubber stamp for unreliable outcomes if it fails to confront this directly.

The Panel should reject the notion that it can square the circle between maximum ‘renewables’ and maximum reliability using the current market framework — and should say so clearly in its recommendations as costly, weather dependent, pathetically intermittent, toxic contaminating ’renewables’ are being falsely and disingenuously portrayed as they will not lower emissions at all but will instead further create the chaotic dismantling of our environment, our economy & our energy security, food security and national security.

Yours Sincerely,

‘Save Our Surroundings Riverina’

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Sent from my iPhone