

19 November 2025

Australian Energy Market Commission  
Project Lead – Chloe Skewes-Weir

Submission lodged via the Project Page.

Dear Ms Skewes-Weir,

## **SUBMISSION TO CONSULTATION PAPER CALCULATING THE CUMULATIVE PRICE**

Delta Electricity ('Delta') welcomes the opportunity to comment on the Australian Energy Market Commission's ('AEMC') consultation paper on calculating the cumulative price.

Delta appreciates the AEMC's consideration of this rule change request, submitted by Delta following the 2022 energy market crisis. Over the past three years, Delta's view has remained that this change is important, and its timing is appropriate as NEM regions become increasingly interconnected and interdependent – heightening the risk that high-price or market-stress events cascade across multiple regions.

ERC0356 proposes a relatively simple amendment to the method for calculating the cumulative price. The change would ensure that the prices used for determining the cumulative price threshold ('CPT') reflect the actual (or settled) prices received by market participants. Under the current approach, dispatch prices are used, effectively short-changing regions that enter an administered price period ('APP') following another region. Delta considers that this approach may create a 'race to the CPT' scenario when multiple regions are approaching the threshold. In such circumstances, generators in each region may be incentivised to reach the CPT first to receive the full value of the CPT, potentially leading to higher prices – and therefore higher customer costs – than would otherwise occur.

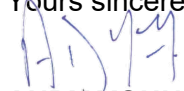
Regarding ERC0374, Delta supports Snowy Hydro's proposed rule change to exclude spot prices set in accordance with the market suspension pricing schedule from the cumulative price calculation. While the June 2022 events that led to a concurrent market suspension and APP had not occurred previously or since, the AEMC acknowledge that such circumstances "could be more likely to occur in the future due to increasing electricity demand, higher VRE penetration and an increase in frequency and severity of extreme weather events", which are likely to precede high-price and/or market suspension events.

Delta encourages the AEMC to consider these rule changes in the broader context of ensuring that, during periods of extreme market stress, the reliability settings operate in a way that provides confidence to the market through clear and intended outcomes.

Responses to the consultation paper questions follow on the next page.

For further discussion, please contact Delta's Market Compliance and Regulation Manager, Joel Aulbury at [joel.aulbury@deltapae.com.au](mailto:joel.aulbury@deltapae.com.au).

Yours sincerely,



**ANDY YOUNG**  
**ENERGY MARKETS RISK MANAGER**





## Response to consultation paper questions

AEMC's consultation questions	Delta's responses
Question 1: Is the use of settled prices when one region is in administered pricing, a problem?	<p>Delta considers that using settled prices would not be a problem prior to a CPT being reached in a region.</p> <p>As outlined in Delta's rule change request, the effect of using settled prices when one region is under administered prices will allow other regions to receive the full amount of the CPT, as is intended by the Market Price Settings as recommended from time to time by the Reliability Panel.</p>
Question 2: Is there a material problem or evidence of an emerging one?	<p>Delta considers that the issue is material. During the June 2022 period when the NSW CPT was reached (using dispatch prices), the CPT was more than \$300,000 under the value of the CPT had it been calculated using settled prices. This meant that NSW generators missed out on the equivalent of approximately 20 dispatch intervals at the Market Price Cap (MPC). Delta estimates its net foregone revenue due to the use of the dispatch prices when calculating the cumulative price was approximately \$7 million. A similar proportional amount of revenue would have been forgone by other NSW generators during the same period.</p> <p>This creates a material concern, that for any region in the future that reaches the CPT after another region has already reached the CPT, generators in that region will likely forgo revenue due to how the CPT is currently calculated.</p> <p>Delta also considers that the increased role of intermittent generation and increased interconnector capacity being built between regions will create greater interdependence between NEM regions. Because of this, it is more likely in the future, than it has been in the past, that very high price events will impact on more than one region, resulting in multiple regions approaching and or reaching the CPT.</p> <p>For this reason, it is likely the proposed change will have a greater benefit for the electricity market than what would be estimated using historical events as a guide.</p>
Question 3: Will the proposed solution address the issue raised by the Delta Electricity?	Delta considers its proposed change will address the issue.



AEMC's consultation questions	Delta's responses
Question 4: What are your views of the costs and benefits of the proposed solution?	<p>Delta understands from its discussions with AEMO that the implementation costs of the proposed change are likely to be small and that the benefits from the proposed change would be an order of magnitude greater than the costs. That is, the benefits would significantly outweigh the costs and therefore it is a change worth making.</p> <p>Delta considers the proposed change is specifically a change to AEMO's CPT accumulator, and would not create any changes required, or costs borne, by market participants.</p>
Question 5: Do you agree with the implementation approach?	Delta supports the approach and is unaware of any factors or issues that would arise from implementation of the change.
Question 6: Are there alternative solutions that would be preferable?	<p>The AEMC has raised whether there are alternative solutions outside the NER that might more successfully address the issue raised by Delta. Delta does not consider this to be a complex proposed change, rather the amendment would align the cumulative price calculation with the actual prices received by market participants.</p> <p>Delta considers that alternative solutions could be more complex than the proposed amendment to NER.</p>
Question 7: Is the calculation of the cumulative price during an administered pricing period a problem?	Delta agrees with Snowy Hydro that the current approach where market suspension prices are included in the cumulative price calculation is a problem and should be corrected.
Question 8: Is there a material problem or evidence of an emerging one?	Delta considers that the existing approach would create a material concern for the market in the event where a market suspension event coincides with an APP. The prevalence of these events occurring close together may be more likely to occur in the future due to increasing electricity demand, higher VRE penetration (i.e. greater reliance on sunny and windy weather for electricity generation) and an increase in frequency and severity of extreme weather events.
Question 9: Will the proposed solution address the issue raised by the Snowy Hydro?	Yes.
Question 10: What are your views of the costs and benefits of the proposed solution?	Delta considers that there will only be a cost of implementation on AEMO, which is best informed by AEMO, and there would not be any direct changes required, or costs borne by market participants.
Question 11: Will the proposed solution address the issue raised by the Snowy Hydro?	Yes.





AEMC's consultation questions	Delta's responses
Question 12: Are there any alternative solutions that would be preferable?	Delta is not aware of any alternative solutions but supports other solutions if they achieve the same objective.
Question 13: What are your views on the interaction between both rule changes?	Both rule changes propose to correct aspects of how the CPT is used in practise. Delta does not consider there are any unintended consequences that would result from either or both changes being made.
Question 14: Assessment framework	<p>The assessment framework is broad and covers appropriate criteria with which to assess the benefits of these proposed changes.</p> <p>Importantly though, these changes are proposed to improve the function of the CPT during extreme times of stress on the market (when prices are very high and sustained). Delta encourages the AEMC to consider these changes in that context, that during those periods when the market is under extreme stress, the reliability settings should operate in a way that provides confidence to the market through clear and intended outcomes.</p>

