Submission to the Australian Energy Market Commission
2026 Reliability Standard and Settings Review - 1 July 2028 to 30 June 2032

Executive Summary

This submission strongly objects to the draft recommendations of the AEMC Reliability Panel for the 2026 Reliability Standard and Settings Review (RSSR).

From the perspective of everyday electricity consumers, the Panel's draft report demonstrates a profound disconnect from engineering reality, lived consumer experience, and the essential role of electricity in preserving human safety, economic participation, and national security.

The Panel proposes to normalise a lower standard of reliability on the basis that:
the cost of gas-fired generation has increased, and
consumers reportedly "value reliability less" according to economic survey instruments.
We reject both the logic and the legitimacy of this approach.

Electricity is not a discretionary consumer good. It is an essential service.
Reliability is not a preference to be traded off against cost; it is a precondition for modern life.
Treating involuntary hardship, suppressed demand, and coping behaviour as evidence that consumers "value reliability less" represents a fundamental category error.

The Panel's recommendations prioritise market stability, price-setting continuity, and investment optics over physical system security, consumer welfare, and the National Electricity Objective (NEO).
In doing so, they risk entrenching energy poverty, increasing blackout exposure, and further degrading trust in Australia's energy institutions.

1. The Reliability Standard Is Being Redefined Away from Its Purpose

The Reliability Panel proposes that the long-term interests of consumers are best served by a reliability standard in the range of 0.002% to 0.004% unserved energy (USE), with a preferred midpoint of 0.003% USE, explicitly to minimise changes to market price settings.
This framing reverses the purpose of the reliability framework.
The reliability standard exists to define the level of supply adequacy consumers are entitled to expect, not to accommodate rising costs arising from policy-driven changes to the supply mix.
Adjusting the standard downward because it has become more expensive to meet is not consumer protection; it is an admission of system failure.
USE is not an abstract statistical quantity. It represents real outages, experienced disproportionately:
at peak demand,
during extreme weather,
in specific regions,

and by vulnerable households, essential services, and small businesses.
Averaging outages across all customers and all years to claim “only 10–21 minutes per year” obscures the severity, concentration, and risk profile of actual events.
This approach materially understates the human, safety, and economic consequences of supply shortfalls.

2. “Consumers Value Reliability Less” Is a Misinterpretation of Distress
The Panel places substantial weight on the AER’s Value of Customer Reliability (VCR) survey, which reports an average decline of approximately 18 per cent in the value consumers place on reliability.
This conclusion is deeply problematic.
Consumers facing sustained price increases, bill shock, and cost-of-living pressure do not “value reliability less”; they are being forced to adapt to scarcity and unaffordability.
Reduced willingness to pay reflects:
constrained household budgets,
involuntary demand suppression,
behavioural coping mechanisms,
and loss of trust that reliability is achievable at any price.
Interpreting this as informed consent to lower reliability is neither ethically sound nor consistent with the National Electricity Law’s requirement to promote the long-term interests of consumers with respect to price, quality, safety, reliability, and security — not price alone.

3. Electricity Is a Physical System, Not a Pricing Exercise
The draft report consistently treats reliability as an outcome that can be optimised through price envelopes, modelling, and market signals, while largely abstracting away from the physical requirements of power system operation.
Electricity systems are governed by physics:
continuous supply–demand balance,
stable frequency,
sufficient inertia,
voltage control,
and fault tolerance.
Australia operates an islanded grid, with no synchronous neighbours to absorb disturbances.
In this context, reliability and system strength are existential requirements, not economic preferences.

The Panel’s assertion that wholesale reliability events have been rare over the last five years ignores:
the increasing frequency of AEMO interventions,
the deployment of synchronous condensers at consumer expense,
emergency directions and out-of-market actions,

and the growing fragility of the system during low-inertia conditions, particularly at sundown when solar output collapses.
Separating “resource adequacy” from “system security” in analysis does not separate them in reality. The two are causally linked.

4. Rising Gas Costs Are Being Used to Justify Lower Standards, Not Better Policy
The Panel explicitly acknowledges that:
open-cycle gas turbines remain the critical backup required to meet the reliability standard, yet increased gas capital costs are used as justification for relaxing the standard itself.
This is an extraordinary inversion of responsibility.
If dispatchable capacity is essential, then policy and market design should address:
fuel security,
investment certainty,
and efficient retention or replacement of firm generation.
Instead, the Panel proposes that consumers should accept a higher risk of supply shortfall because the market has been made more expensive and complex by design choices outside their control.
This approach confines consumers to managed scarcity, rather than fixing the underlying causes of rising system costs.

5. Market Price Settings Are Compensating for Structural Failure
The Panel proposes to retain:
extreme market price caps,
cumulative price thresholds,
administered price caps and floors,
and to introduce automatic floor pricing during Minimum System Load level 3 events.
These mechanisms are presented as neutral investment signals.
In practice, they are scarcity pricing tools required to prop up a system that lacks adequate dispatchable capacity and inherent system strength.
While the Panel notes that such prices occur “less than 1 per cent of the time”, those moments coincide with:
peak demand,
low renewable output,
battery depletion,
and the highest risk of consumer harm.
For households and small businesses, these are not abstract market signals. They are periods of acute financial stress and elevated blackout risk.

6. Regulatory Stability Is Being Prioritised Over System Integrity
The draft report repeatedly emphasises the importance of maintaining consistent market price settings and minimising regulatory uncertainty for market participants.

While stability is a legitimate consideration, it is being elevated above the physical integrity of the power system and the lived experience of consumers.
From a consumer perspective, this represents a reversal of priorities. Regulatory stability should be a by-product of a system that is physically robust and fit for purpose — not a constraint that limits the ability to correct structural flaws.

The Panel's preference for a reliability standard that "minimises changes to market price settings" explicitly subordinates reliability outcomes to market continuity. This approach implicitly accepts that consumers should bear:
higher price volatility,
increased exposure to scarcity events,
and a greater risk of involuntary outages,
so as to preserve confidence in an existing market design that is already heavily reliant on intervention, subsidies, and emergency measures.
A system that requires escalating price caps, cumulative thresholds, administered pricing, and automatic market suspensions to function is not stable. It is fragile.
True stability comes from adequate physical capacity, inherent system strength, and sufficient reserves, not from increasingly complex financial guardrails.

7. Artificial Separation of "Reliability" and "Security" Masks Real Risk
The Panel asserts that wholesale reliability events have been rare and that the vast majority of outages are attributable to distribution network issues.
This framing is misleading.
While the RSSR is formally limited to wholesale resource adequacy, the Panel's advice cannot responsibly ignore the causal relationship between declining system strength and system security events, including under-frequency load shedding and emergency interventions.

As synchronous generation is withdrawn and replaced with inverter-based, weather-dependent resources, the system becomes more sensitive to disturbances. In such conditions:
small supply-demand imbalances propagate faster,
frequency deviations occur more rapidly,
and protective systems are triggered earlier and more often.
These outcomes do not appear in USE statistics, yet they have immediate and serious consequences for consumers.
By treating security events as "out of scope", the Panel effectively discounts the very risks that are growing as the system transitions.
From a consumer safety perspective, this is indefensible.

8. Uniform National Settings Ignore Regional and Island-Grid Reality
The Panel acknowledges that the modelling reveals materially different reliability outcomes across NEM regions, driven by the size, duration, and characteristics of unserved energy events.

Despite this, it insists on uniform national market price settings.
For consumers in regions with:
weaker interconnection,
higher renewable penetration,
or greater exposure to extreme weather,
uniform settings do not deliver uniform outcomes. They amplify risk.

Australia's electricity system is an island grid. Unlike Europe, it has no synchronous neighbours to absorb shocks.
In this context, the failure to differentiate reliability settings by regional risk profile prioritises administrative simplicity over system resilience.
Consumers should not be asked to accept elevated risk simply because differentiated settings would complicate market design.

9. The Market Floor Price and Minimum System Load Proposal Normalises System Stress
The proposal to automatically clear the market at the market floor price during Minimum System Load level 3 (MSL3) events is presented as a technical improvement that reduces the need for AEMO intervention.
From a consumer standpoint, this proposal implicitly acknowledges that:
minimum system load conditions are becoming more frequent,
excess supply is increasingly misaligned with system needs,
and the system requires forced price outcomes to remain operable.

Rather than addressing the structural causes of these conditions — namely, over-deployment of low-density, non-dispatchable generation without adequate firming or inertia — the Panel proposes to hard-code stress responses into market rules.
This approach treats symptoms, not causes, and further entrenches a system that relies on constant correction rather than inherent balance.

10. Energy Poverty Is an Outcome of Policy Design, Not Consumer Choice
The draft report frames its recommendations as protecting consumers from higher costs.
In reality, the cumulative effect of these settings is to normalise:
higher bills,
greater volatility,
and reduced quality of supply.
For many households, particularly low-income and vulnerable consumers, the result is energy deprivation — rationing usage, foregoing heating or cooling, and enduring unsafe living conditions to manage costs.

Reducing the reliability standard on the basis that consumers are "willing to accept" less reliability compounds this harm.

It reframes hardship as preference and deprivation as efficiency.
This is incompatible with any serious interpretation of the long-term interests of consumers.

11. National Energy Security and Sovereign Capability Are Absent from the Analysis
Electricity Security underpins National Security.
Yet considerations of:
sovereign energy capability,
fuel security,
resilience to geopolitical shocks,
and long-term industrial competitiveness
are entirely absent from the Panel's analysis.

Australia possesses abundant domestic energy resources and a legacy of reliable, affordable, dispatchable generation.
The deliberate withdrawal of firm capacity without equivalent replacement increases dependence on:
Insecure, unethical, imported technologies,
fragile supply chains,
toxic PFOS, Bisphenol A and ASBESTOS contaminating components,
and complex system supports.

Consumers bear the monumental cost burden and seriously detrimental risks of this strategy, while the reliability framework is asked to compensate through price volatility rather than physical adequacy.

12. The Panel's Governance Structure Reinforces Consumer Concern
The Reliability Panel is composed primarily of representatives from generators, networks, retailers, market operators, and investment-exposed entities.
While some sort of 'consumer advocates' are included, everyday households and rural landholders cursed with unnecessary, invasive, sabotaging interconnectors enabling RUIN-A-BULL JUNK everywhere — who experience the consequences of outages, price spikes, and degraded service — have limited, if any representation.

In this context, assertions about what consumers "value" must be treated with extreme caution, as it's not wholistic or genuine.
The Panel's conclusions align closely with the interests of maintaining existing market structures rather than delivering the service outcomes consumers reasonably expect.

Conclusion
The draft recommendations for the 2026 Reliability Standard and Settings Review represent a decisive shift away from first principles.

They redefine reliability as a variable to be economised, interpret consumer hardship as reduced willingness to pay, and prioritise market continuity over physical system integrity.
In doing so, they erode the foundational promise of the National Electricity Market: reliable, affordable, and secure electricity in the long-term interests of consumers.

Electricity is not a theoretical construct. It is physics.
Reliability is not optional. It is existential.
Consumers do not exist to serve the grid.
The grid exists to serve consumers.

We urge the AEMC and the Reliability Panel to reject any weakening of the reliability standard, reassess the market settings through the lens of engineering reality and public safety, and restore reliability as a non-negotiable service obligation — not a budget constraint.

Opinion

Fix the electricity system in 2026 by returning to first principles

Electricity is not a policy construct. It is physics – and the physics have not changed since Michael Faraday and the steam engine.

Stephen Anthony
Economist

Jan 1, 2026 – 5.00am

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7 min

Australia is conducting a dangerous experiment, replacing reliable, dispatchable power with intermittent renewables in the name of net zero.

After two decades of forcing low-density wind and solar into the system, electricity is neither cheap nor secure. The Australian Energy Market Commission has abandoned its promise that renewables would drive prices down. It now expects real prices to rise [https://www.afr.com/companies/energy/renewables-go-slow-shatters-hopes-for-lower-power-prices-20251203-p5nkgr] 13 per cent this decade – and that is probably optimistic.

South Australia, the poster child for high renewable penetration, has Australia's highest prices and has needed synchronous condensers bolted onto the system at consumer expense. **Fairfax**

Before we argue about policy fixes, Australians deserve a five-minute engineering primer. Electricity is not a policy construct. It is physics. And the physics have not changed since Michael Faraday and the steam engine.

Electricity is moving electrons. To move them at grid scale, you need a generator: a magnet spinning inside coils of wire. No spin, no electricity. Almost every power station on earth – coal, gas, nuclear, hydro, geothermal, even solar thermal – is, at heart, a steam engine or water turbine driving that generator. Wind [https://www.afr.com/companies/energy/governments-help-drive-2b-in-wind-farm-investment-20251223-p5npom] does the same with moving air.

Only solar PV is different – no moving parts, just semiconductors. All the others are mechanical beasts that deliver a priceless bonus – inertia – from multi-thousand-tonne rotors spinning at exactly 3000 revolutions per minute (50 hertz).
Inertia is the grid's shock absorber. When a big generator trips or demand surges, frequency starts to fall. Heavy spinning turbines resist that change, buying precious seconds for control systems to react.

Wind turbines and solar panels provide almost none. Batteries provide none at all. Remove the spinning masses, and the grid becomes a nervous thoroughbred instead of a carthorse.

“Demand policies grounded in steam-engine physics, not climate theology. Grid stability is not optional – it is existential.”

The grid itself is a real-time balancing machine. Supply and demand must match within fractions of a second, 24/7. Voltage must be controlled, frequency held at 50 hertz, and inertia provided. Do any of these badly, and equipment is damaged, fires start, or the lights go out.

Modern life ends at the flick of a breaker. Then, as Billy Bragg sang: “The Third World is just around the corner.”

Dispatchable, high-density sources – coal, gas, nuclear, hydro – do all of this naturally and efficiently from compact sites close to cities. Low-density, weather-dependent sources do not. They require vast land, enormous transmission, overbuilding (typically three to four times nameplate capacity to deliver the same firm energy), and a parallel life-support system of batteries, gas peakers, pumped hydro, and now dozens of hugely expensive synchronous condensers – giant flywheels powered by the grid itself – to mimic the inertia we are throwing away.

This is not a like-for-like replacement. It is swapping a robust, mature organism for a fragile, immature one that needs constant and costly intervention to stay alive.

Australia is uniquely badly placed for this experiment. We have no synchronous neighbours to lean on like Europe. We are an island grid at the end of the world. Yet, we are deliberately unplugging [https://www.afr.com/companies/energy/victoria-facing-blackouts-power-load-shedding-auditor-20251203-p5nkep] the very machines that have kept the lights on for 70 years and replacing them with weather-dependent limbs that have no heart.

The result is already visible. South Australia, the poster child for high renewable penetration, has Australia’s highest prices and has needed synchronous condensers bolted onto the system at consumer expense. California rolls blackouts. Germany’s Energiewende has delivered the highest prices in Europe and surging emissions from lignite because gas became too expensive after Russia turned off the tap.

These are not anecdotes. They are engineering outcomes.

Treasury and energy modelling treat electricity as an economic puzzle rather than an engineering system. They ignore that GDP is, to a first approximation, energy converted into useful work. Since the mid-2010s, when renewables began crowding out dispatchable plants, Australia's energy productivity and GDP growth have lagged peers.

Now, artificial intelligence is coming, and Google, Microsoft and Meta are hunting the planet for dispatchable terawatt-hours. Singapore is adding 50 per cent more baseload. Microsoft just restarted Three Mile Island. Australia, meanwhile, is closing perfectly good coal plants and wondering why data centre investors look elsewhere.

Wholesale prices regularly hit the $15,000 megawatt-hour cap. Batteries, providing around 1 per cent of NEM energy, increasingly set the marginal price at higher than gas.

CSIRO's first attempt in 2020 to cost a 90 per cent wind/solar system for 2030 came up with a price around $70 per megawatt-hour. Its latest 2024 estimate for the same system built today starts at $125, which rises to $150 – almost double the cost of keeping existing coal plants running in Victoria and Queensland, and higher than new high-efficiency coal on existing sites.

Transmission projects are years late and billions over budget. Coal plants at Eraring, Yallourn and Loy Yang are now paid hundreds of millions a year in subsidies to stay open – proof the market knows renewables cannot yet replace them. Network costs are exploding as we gold-plate a system that was once compact and cheap.

What are our policy options?

The fix is simple. Stop pretending energy policy is about picking favourite technologies and start treating it as an engineering problem with three constraints – emissions reduction, grid stability, and reserve capacity – and one policy target – the lowest possible generation cost.

the lowest possible generation cost.

1. Start with retrofitting all existing steam turbines – rather than rebuilding the grid. Ask which new technologies could feasibly run these steam turbines on an apples-to-apples cost basis. Include in that mix assessment of low-emission coal, gas, reactors, long-term thermal storage options, solar and wind. Rinse and repeat the assessment each year.

2. Pay only for outcomes – carbon-abated, megawatt-hours firmed, hertz stabilised – through competitive auctions open to all technologies. This is like a carbon price [https://www.afr.com/policy/energy-and-climate/carbon-price-on-electricity-would-slash-transition-cost-says-pc-20251219-p5noyb] in reverse.

3. Fund the auctions through savings achieved in federal and state budgets by eliminating other subsidies paid directly to the sector, industries and households.

4. Remove planning and connection barriers that protect market incumbents and stifle innovation.

Australians once enjoyed the world's cheapest electricity because engineers, not activists, built the system. We can have reliable, affordable power again, with steadily falling emissions – if we return to first principles.

Demand policies grounded in steam-engine physics, not climate theology. Grid stability is not optional – it is existential. The heart must keep beating.

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From: Submissions
To: Victor Stollmann
Subject: FW: Submission to the Australian Energy Market Commission 2026 Reliability Standard and Settings Review - 1 July 2028 to 30 June 2032
Date: Friday, 30 January 2026 9:13:41 AM

From: AEMC <aemc@aemc.gov.au>
Sent: Friday, 30 January 2026 9:12 AM
To: Submissions <Submissions@aemc.gov.au>; Victor Stollmann <Victor.Stollmann@aemc.gov.au>
Subject: FW: Submission to the Australian Energy Market Commission 2026 Reliability Standard and Settings Review - 1 July 2028 to 30 June 2032

From: [redacted]
Sent: Thursday, 29 January 2026 5:16 PM
To: AEMC <aemc@aemc.gov.au>
Subject: Submission to the Australian Energy Market Commission 2026 Reliability Standard and Settings Review - 1 July 2028 to 30 June 2032

Please add this reference for our **Submission to the Australian Energy Market Commission 2026 Reliability Standard and Settings Review - 1 July 2028 to 30 June 2032**
Thank you.

From:
Save Our Surroundings Riverina - Electricity Consumers & Landowners.
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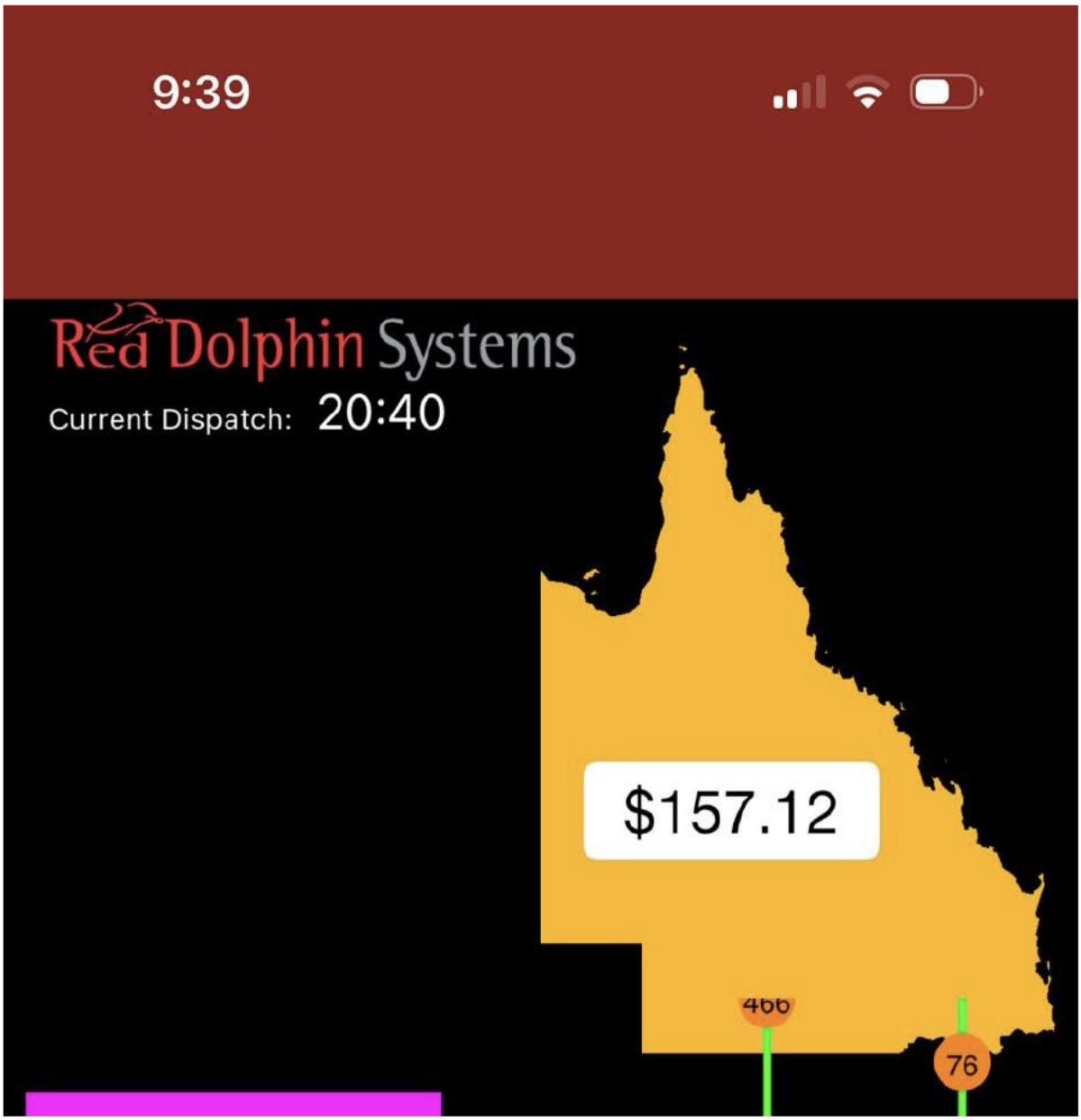

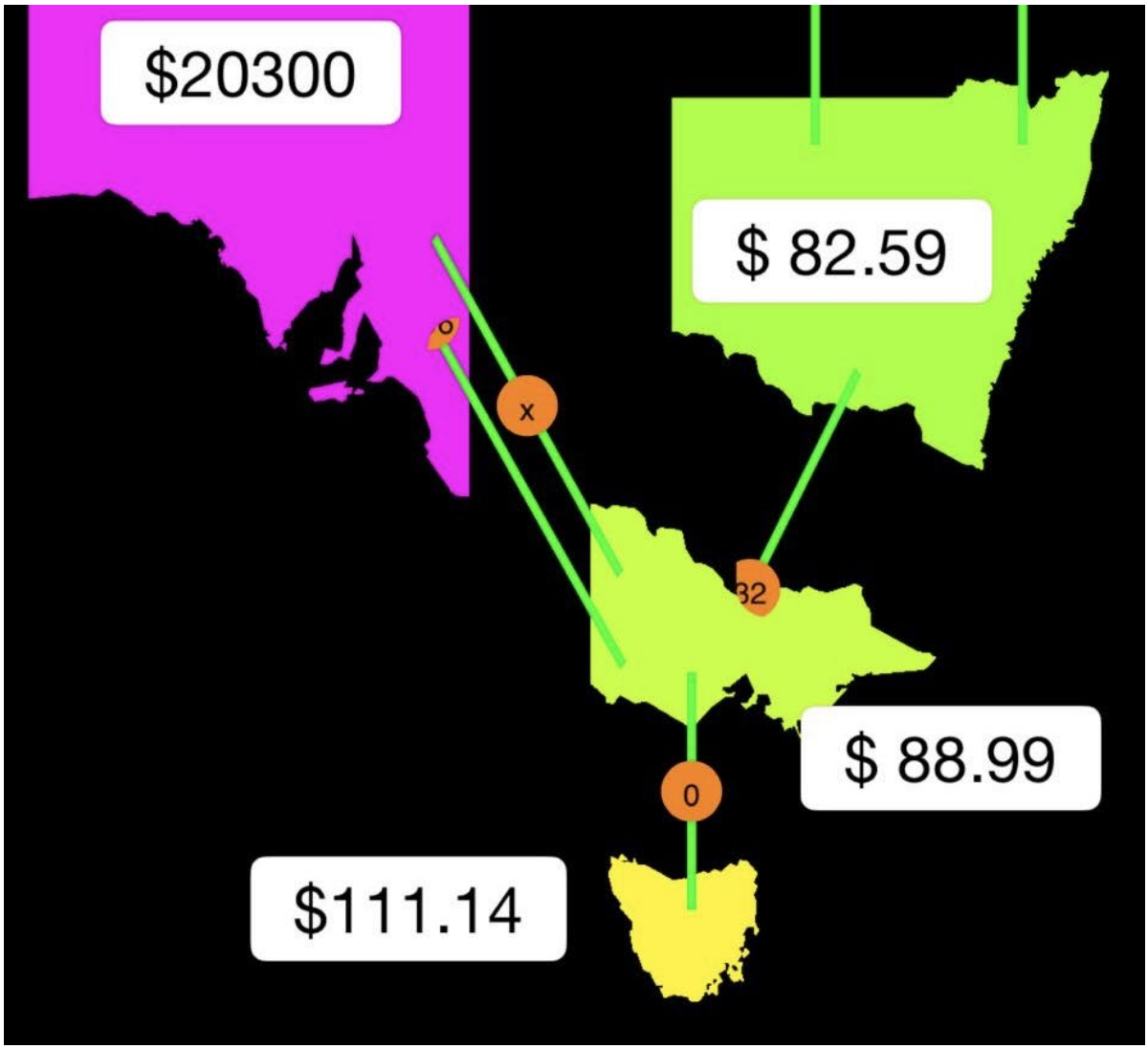

Foolish, Weather dependent S.A - Insane Price Spike after Batteries soon went flat!

25/01/2026

NSW ELECTRICITY CONSUMERS DO WANT TO INTERCONNECT WITH THIS IDIOCY VIA ELECTRANET/TRANSGRID'S CCP PRIORITISING and SABOTAGING PROJECT ENERGY CONNECT!!

Sent from my iPhone