16 July 2026

Australian Energy Market Commission (AEMC)

Via AEMC website: *www.aemc.gov.au*

National Electricity Amendment (Improving contingency FCAS arrangements) Rule

Alinta Energy welcomes the opportunity to provide feedback on the proposed changes towards improving the contingency FCAS arrangements.

ERC0359 – Optimising contingency size in dispatch

We agree with the intent of the draft determination not to expand the circumstances in which AEMO co-optimises the size of the largest credible contingency, given that broader co-optimisation would be complicated to implement, may increase volatility, and is unlikely to deliver meaningful benefits.

The AEMC states that "where AEMO considers that co-optimisation may not be appropriate, or is uncertain whether its application would improve market outcomes, the Commission would not expect co-optimisation to be applied". We recommend this discretion be made explicit in the draft rule. Without such clarification, the requirement for AEMO to "use reasonable endeavours" to co-optimise may be open to a broad range of interpretations, potentially creating pressure to expand the use of co-optimisation, or undertake work to demonstrate compliance with the obligation, despite the uncertain benefits and risks identified in the draft determination.

ERC0360 – Allocating contingency FCAS costs

We support the Commission's proposal to retain the existing cost recovery arrangements. As noted in our prior submission, we consider that the costs of implementing runway cost allocation would have substantially outweighed benefits, noting that:

- participants already have strong commercial signals to reduce their contribution to contingency reserve requirements under the current arrangements;
- it was observed that high contingency reserve costs are generally driven by network-related issues unrelated to generator contingency size;
- outside of these events, contingency FCAS costs are low and declining with increasing levels of battery storage capacity;
- and the runway method would be materially harder for participants to forecast and compute ex-ante compared with the status quo.

Thank you for your consideration of Alinta Energy's submission. If you would like to discuss this further, please contact Oscar Carlberg via Oscar.carlberg@alintaenergy.com.au.

Yours sincerely,

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