



Mr Neville Henderson
Chairman, Reliability Panel
Level 6, 201 Elizabeth Street
Sydney NSW 2000
Lodged via www.aemc.gov.au

Friday, 11 November 2016

Dear Mr Henderson,

RE: Reliability Panel Review of the RERT Guidelines, Draft Report (ref REL0061)

ENGIE appreciates the opportunity to comment on the Reliability Panel (Panel) draft report which sets out the Panel's draft amendments to the Reliability and Emergency Reserve Trader (RERT) guidelines.

ENGIE is a global energy operator in the businesses of electricity, natural gas and energy services. ENGIE is the number one independent power producer in the world with 115.3 GW of installed power-production capacity, 19 GW of which is renewable. ENGIE employs 1,800 people in Australia and supplies 12 per cent of Australia's National Electricity Market, and has an installed generating capacity of more than 3,550 MW. ENGIE also owns Simply Energy which provides electricity and gas to more than 550,000 retail customer accounts across Victoria, South Australia, New South Wales and Queensland.

ENGIE notes that the Panel are required to amend to the RERT guidelines (Guidelines) to reflect the changes made by the Australian Energy Market Commission (AEMC) on 23 June 2016 on the RERT provisions of the rules.

One of the rule changes that was made on 23 June 2016 was to reduce the timeframe within which the Australian Energy Market Operator (AEMO) may contract for reserves, from nine months to ten weeks ahead of a projected shortfall. This rule change takes effect from 1 November 2017 meaning that from that time, AEMO will no longer be able to contract for reserves in 'long notice situations'.

The Panel have suggested amendments to the Guidelines which include removing references to long notice situations, and that these amendments would take effect from 28 February 2017. ENGIE agrees that it is appropriate to remove the references to long notice situations from the Guidelines, but notes that doing this prior to 1 November 2017 creates a situation where the long notice reserve option is still available in the rules, but is not referenced in the Guidelines. ENGIE notes that it may be preferable that the guidelines deal with this transition, rather than remain silent on the matter.

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The Panel have proposed amendments to clarify the process AEMO must use when contracting for reserves in medium notice situations. The Panel note that it is desirable that AEMO continue to have flexibility when contracting reserves in an efficient, cost-effective manner, and to support this, AEMO would be able to seek tenders from participants that are not necessarily on the RERT panel. The Panel then suggest that AEMO be able to use a suitable 'expedited' tender process where it wishes to seek reserve tenders from parties that are not on the RERT panel.

The Panel's desire to ensure that AEMO have sufficient flexibility to manage any reserve shortfall as effectively as possible is, in a general sense, supported. Nevertheless, consideration needs to be given to the potential that providing an 'expedited' tender process beyond RERT Panel members might act as a disincentive to participants to join the Panel in the first place, noting that there is no financial incentive for being a member of the RERT Panel.

ENGIE suggests that if an expedited tender process is to be introduced alongside of the RERT Panel draft agreement, any terms and conditions within the expedited tender that would be favourable to RERT Panel members should be made available to those RERT Panel members to ensure that they are competing on equal terms with non RERT Panel members.

ENGIE trusts that the comments provided in this response are of assistance to the Panel in its deliberations. Should you wish to discuss any aspects of this submission, please do not hesitate to contact me on, telephone, 03 9617 8331.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Chris Deague". The signature is fluid and cursive, with a period at the end.

Chris Deague
Wholesale Regulations Manager