

28 September 2012

The Reliability Panel
Australian Energy Market Commission
PO Box A2449
Sydney NSW 1235

Dear Sir/Madam

Stanwell Corporation Limited (Stanwell) welcomes the opportunity to comment on the Australian Energy Market Commission Reliability Panel's review of the Energy Adequacy Assessment Projection (EAAP).

As background, Stanwell is a Queensland Government owned generator, with the capacity to supply more than 45% of the State's peak power needs. We are a diversified energy company, with an energy portfolio comprising coal, gas, diesel and hydro power generation facilities geographically dispersed across Queensland.

The EAAP was originally conceived in 2007 as a response to concerns that the risks associated with energy constraints, arising from factors such as droughts (occurring across Australia at the time), were material and could potentially be widespread and impact the reliable supply of electricity. It was determined that there were opportunities to improve the information available to market participants and stakeholders with regard to actual or potential energy constraints.

It is five years since the introduction of the EAAP and energy supply conditions have changed. The current market does not exhibit a level of energy constraint that could negatively impact on system reliability, and has not done so since the period of drought a number of years ago. Specifically, reserve margin levels are at record highs due to revised energy demand levels and the commissioning of generation facilities.

Stanwell considers that there is merit in the Australian Energy Market Operator (AEMO) publishing the EAAP to ensure the market is appropriately informed about potential supply constraints with sufficient lead time to respond. However, this needs to be balanced against the costs to AEMO of preparing the EAAP reports on a quarterly basis and the added regulatory burden placed upon participants.

It is our view that the value of the report is only present at times where there is an actual or potential energy constraint. To that end, Stanwell recommends consideration is given to replacing the quarterly reporting process with an annual report during times where there are no material energy constraints in existence, as is currently the case.

Stanwell recognises that a change in the reporting timeframes for the EAAP would require a Rule Change. To ensure there is sufficient flexibility to review the reporting arrangements over time, Stanwell recommends the Rule be amended to reflect that reporting is on an annual basis, or at other more regular intervals at the discretion of AEMO, either at its own discretion or as the result of advice from stakeholders. This would ensure that the frequency of reports could be increased in the event that AEMO identifies a real or potential energy constraint, and would enable AEMO to respond quickly to changes in energy constraints in the market.

If the current quarterly reporting arrangements are to be maintained, Stanwell recommends that reporting by market participants be provided on an exceptions basis. Stanwell does not see the benefit in market participants providing a report each quarter that reiterates information previously provided to AEMO.

Stanwell welcomes the opportunity to discuss any of the issues raised in this submission directly with the Reliability Panel.

If you wish to discuss any of these issues further please do not hesitate to contact me on (07) 3228 4352 or Ms Erin Bledsoe, Manager Regulatory Strategy, on (07) 3228 4529.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'T. Mills'.

Tanya Mills
General Manager Portfolio Trading