

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

This submission supports all of the issues raised on the rule change request in a submissions on this matter made by Shell Energy and Major Energy Users. We wish to highlight one particular issue to focus on – we do not support the move from a *rules based framework* to a *principles based framework* for the STPASA reliability assessment framework.

There has been considerable debate in recent years around the appropriate reliability standard to apply in the NEM and the Reliability Panel is about to start its regular review again. While there is the long standing 0.002% USE standard which has enjoyed wide consumer support, we now have an interim 0.0006% USE reliability measure (standard) until 2025 which was imposed on the NEM.

The EUAA is a strong supporter of the 0.002% USE standard as an appropriate balance between the costs and benefits. It does not support the interim reliability measure as it was not set through a proper public consultation process to assess the relative costs and benefits.

In our extensive engagement with AEMO across a number of forums, we conclude that AEMO seek to plan and operationally manage the NEM to achieve zero, or near zero, USE under any and all operational conditions. This is seen through the use of conservative demand forecasting, understating demand side participation, decreasing generator availability in modelling and increasing the use of market intervention via use of directions and/or RERT procurement. Moving to a principles based framework for the critical STPASA reliability assessment provides further opportunity to achieve a level of reliability that has not been subject to open debate on relative costs and benefits.

In addition, we do not get comfort from AEMO undertaking stakeholder consultation on AEMO's revised STPASA process or methodology. Our experience with AEMO consultation processes in the area of wholesale reliability assessment is that given AEMO's focus on zero, or near zero, USE, arguments about relative costs and benefits to consumers are not generally considered.

The EUAA recommends that the current prescriptive rules based framework continue as this requires AEMC consideration rather than internal AEMO consideration to implement changes in the methodology. The EUAA is concerned that consumers interests will not be best served by increasing AEMO's control over the STPASA reliability assessment process.

Thank you for the opportunity to make this submission. Do not hesitate to be in contact should you have any questions.

Kind regards,



Andrew Richards
Chief Executive Officer