

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.

Our members are highly exposed to movements in both gas and electricity prices and have been under increasing financial stress due to escalating energy costs. These increased costs are either absorbed by the business, making it more difficult to maintain existing levels of employment or passed through to consumers in the form of increases in the prices paid for many everyday items.

The Commission's draft rule determination is to make a draft rule that is consistent with the solution proposed by Infigen Energy.

This short submission supports the AEMC's Draft Determination:

- That is consistent with the Infigen rule change request to introduce both a very fast raise service and a very fast lower service, and
- Applying the same market arrangements for these new market ancillary services as apply to existing fast raise and fast lower services - registration, scheduling, dispatch, pricing, settlement and cost allocation.

These changes are an efficient market-based response to the decline in synchronous generation across the NEM and hence the best fit to meet the assessment framework and its 'system services objective'.

Regarding implementation and the choice between options 1 and 2(b), the EUAA supports Option 1. – new market ancillary services for FFR i.e. a total of eight contingency services. Our concern is that the any proposed amalgamation of the 6 and 60 second services so as to maintain only six contingency services will decrease competition in the provision of the amalgamated services.

The draft determination as well as AEMO advice and feedback from the Technical Working Group meeting on 4 March both noted¹ that option 2 would result in a reduction of registered FCAS capacity in the proposed amalgamated services compared with Option 1. This will inevitably result in reduced competition and higher costs to consumers.

We have had the benefit of seeing a draft of the Shell Energy (an EUAA member) submission on this matter and would like to support their proposal for the AEMC for an 'alternative model' whereby the existing 6 second service be changed to an 8 or 10 second service. This change also has the potential to increase competition in the provision of the 'fast' services and reduce costs to consumers.

¹ Draft Determination p.36

We also support Shell Energy's proposal for a faster implementation schedule. Given the benefits of the two new services, implementation processes should not be used as a barrier to their timely start. An earlier implementation date should be set in the final determination. AEMO can always seek a delay if this is actually required.

Do not hesitate to be in contact should you have any questions.

Kind regards,

A handwritten signature in black ink, appearing to read 'A Richards', written in a cursive style.

Andrew Richards
Chief Executive Officer