

The Energy Users Association of Australia (EUAA) is the peak body representing Australian energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing and materials processing industries.

Combined our members employ over 1 million Australians, pay billions in energy bills every year and expect to see all parts of the energy supply chain making their contribution to the National Electricity Objective. Our members are highly exposed to movements in both gas and electricity prices and have been under increasing stress due to escalating energy costs.

In our earlier submission on this matter we argued that:

- Consumers have no influence over generator location decisions and hence generators are the best party to bear that risk; the proposed shifting of risk to consumers does not meet the AEMC's assessment framework as it does not contribute to achieving the National Electricity Objective
- The increased transparency of new projects rule change should significantly reduce short term uncertainty
- The longer-term issues of MLFs and renewable investment are best dealt with through the broader CoGaTI process rather than this specific MLF rule change, which may have unintended consequences given the likely CoGaTI reforms

For these reasons we did not support the rule change. However, we continue to support the work of AEMO to improve market transparency around MLFs which is progressing without the need for rule changes.

Having reviewed the AEMC Draft Rule issued on 14th November 2019 and subsequent documentation, including the transcript of the public hearing on 4th December 2019, we see no reason to change this view and as a result we support the AEMC's Draft Rule.

Finally. While we recognise that parts of the network are experiencing congestion, which is reflected in declining MLF's, we do not see how diluting this important market signal will lead to better outcomes for those impacted generators or consumers. In fact, in moving from MLF to ALF, congestion may in fact worsen resulting in periods of significant output constraints for those generators involved.

While the AEMC CoGaTI reforms are designed to deal with part of this problem we also note that the Scale Efficient Network Extension (SENE) framework still exists. Now may be the time for impacted generators to revisit this framework given the incentive to co-invest in network upgrades, that would benefit all impacted parties, is now stronger than it has ever been.

Sincerely,



Andrew Richards
Chief Executive Officer
16 January 2020