

6 August 2018



EnergyAustralia

LIGHT THE WAY

Intervention Pricing Methodology Consultation
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Dear Michael Sanders,

AEMO – Intervention Pricing Methodology – First Stage Consultation

We welcome the opportunity to comment on AEMO's proposed changes to their Intervention Pricing Methodology. EnergyAustralia is one of Australia's largest energy companies with over 2.6 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own and operate a multi-billion dollar energy generation portfolio across Australia, including coal, gas, and wind assets with control of over 4,500MW of generation in the National Electricity Market (NEM).

Market interventions are becoming more common, especially in South Australia. It is important to ensure that AEMO's what-if pricing preserves the market price that would have eventuated had there not been an intervention event. This minimises the impact on pricing signals in the market that are vital to the operation of the NEM. We support the changes proposed by AEMO to their Intervention Pricing Methodology to fix:

- Inconsistent inputs to feedback constraints in the Intervention Pricing run
- Identify tripped generators in the Intervention Pricing run
- FCAS Trapped generators in the Pricing run
- Generators with zero MW/min ramp rates

We would like to also thank AEMO for the collaborative work with industry through the Intervention Pricing Working Group (IPWG) in recognising and addressing these above problems.

If you would like to discuss this submission, please contact Andrew Godfrey on 03 8628 1630 or Andrew.Godfrey@energyaustralia.com.au.

Regards

Andrew Godfrey
Industry Regulation Lead