

2 February 2021

Rule Change Panel
Attn: Executive Officer
C/o Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

Submitted via email by graham.pearson@energycouncil.com.au to Support@rcpwa.com.au

Dear Stephen

Administrative Improvements to the Outage Process (RC_2014_03)

The purpose of this correspondence is to raise with you some of the Australian Energy Council's (the "AEC") concerns with the Rule Change Panel's (the "RCP") intention to implement Rule Change Proposal RC_2014_03 (the "Proposal") by 29 June 2021.

The AEC is the industry body representing 22 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

Background

The Independent Market Operator (the "IMO") submitted a rule change proposal on 27 November 2014 – the *Administrative Improvements to the Outage Process (RC_2014_03)* – to remove the requirement for a Market Participant to provide a notice of the Consequential Outage signed by an 'authorised officer' and instead allow Market Participants to log Consequential Outages directly. The IMO also proposed other administrative amendments to the Outage process.¹

Following a series of extensions, the Draft Rule Change Report was released approximately 6 years later on 30 October 2020 at a time when stakeholders were consumed with providing input on the Wholesale Electricity Market (the "WEM") reforms and preparing for the coming changes to the market.

Cost vs benefit

The RCP has gone to considerable effort to consult with the industry about the Proposal. However, the Proposal has faced a series of delays and evolved significantly since it was first published in 2014. Because of this, the AEC has strong concerns that the benefits of the Proposal do not outweigh the costs.

The impact of the Proposal has reduced over the years as a result of the scope change, but the resources and time required to implement the Proposal are still substantial particularly given they will mostly become redundant in approximately 15 months due to the WEM reforms.

This issue was raised by AEMO and Synergy in their submissions to the RCP in December 2020. AEMO anticipates that the Proposal will cost it \$486,000 in IT system changes² while Synergy estimates it will incur

¹ [See p1, Rule Change Notice, Administrative Improvements to the Outage Process \(RC_2014_03\)](#)

² [See AEMO submission to RCP on RC_2014_03](#)

costs of \$250,000-\$350,000.³ These are significant costs for short-term changes that will only have a lifespan of 15 months. And, notably, these costs do not account for contingency, the cost of training staff and updating procedures, and costs incurred by other Market Participants.

While the financial cost of the Proposal is considerable, perhaps the most concerning aspect of the Proposal is that for some Market Participants staff will need to be diverted away from preparing their organisations for the new market to address the requirements of the Proposal. The AEC considers the proposed changes to present an unnecessary and major disruption to Market Participants and the critical activities they need to undertake to prepare for the new market.

Conclusion

The RCP is expected to publish its final determination on 26 February 2021 and seeks to commence the rule changes by 29 June 2021. These rule changes will have a lifespan of approximately 15 months before the new market commences and makes these changes largely redundant.

The AEC is concerned that the benefits of the Proposal do not warrant the large financial cost of implementing the rule changes for a limited period. Additionally, some Market Participants will need to divert valuable resources away from preparing for the new market, potentially jeopardising their readiness, to instead focus on these rule changes. For these reasons, the AEC's considers that the Proposal should be discontinued.

Please do not hesitate to contact Graham Pearson, Western Australia Policy Adviser by email on graham.pearson@energycouncil.com.au or by telephone on 0466 631 776 should you wish to discuss this further.

Yours sincerely,

Graham Pearson
Policy Advisor, Western Australia
Australian Energy Council

³ [See Synergy submission to RCP on RC 2014_03](#)