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Lodged by email to CauserPaysConsultation@aemo.com.au

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Procedure for Determining Contribution Factors (Causer Pays Procedure) Issues Paper

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Australian Energy Market Operator's (AEMO) consultation on the Causer Pays Procedure Issues Paper.

The Energy Council is the industry body representing 21 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. We broadly support the principles that AEMO has applied in developing the Causer Pays issues paper (the Paper) and we generally accept the arguments put forward by AEMO regarding the preferred options.

Local Requirements

We agree with AEMO's approach to calculate local factors only on the basis of units within the local requirement. We also note AEMO's intention under Option 2 to pre-calculate up to 17 different sub-regional factors on a *just in case* basis to support this. This constitutes a considerable amount of additional analysis by AEMO for outcomes which may not eventuate and may not represent the best use of available resources. It still remains possible for these pre-calculated values to fail to adequately represent the range of local requirements that could be implemented in the event of local requirements being imposed under abnormal system conditions. An alternative approach could be to publish pre-calculated factors based on the five regions of the National Electricity Market as a guide to possible outcomes in the event of local factors being imposed and then calculate accurate factors based on the actual local requirements on an as required basis to be used in the settlement process.

Treatment of positive performance within a portfolio and within the sample period

We agree with AEMO's proposal to net positive and negative performance within a portfolio except in circumstances where local requirements are activated. We agree with AEMO's proposal to net positive and negative performance within a portfolio across the sample period except in circumstances where local requirements are activated. Our support is based on AEMO providing details about whether the outcome results in lower overall regulation requirements to the System.

Any questions about our submission should be addressed to Emma Richardson, Policy Adviser by email to emma.richardson@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,



Kieran Donoghue
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