

Australian Energy Market Operator
Level 22
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7th May 2018

Submitted via e-mail to: CauserPaysConsultation@aemo.com.au

Regulation FCAS Contribution Factor (Causer Pays) Procedure Consultation

The Australian Energy Council (the “**Energy Council**”) welcomes the opportunity to make a submission in response to the Australian Energy Market Operator’s (“**AEMO’s**”) *Regulation FCAS Contribution Factor (Causer Pays) Procedure Consultation Draft Report and Determination*.

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 ten million homes and businesses.

Discussion

The Energy Council notes the dispute which delayed the initial consultation on the Causer Pays Procedure, and subsequent delays due to the formation of the Ancillary Services Technical Advisory Group, and the commissioning of the DigSILENT *Review of Frequency Control Performance in the NEM under Normal Operating Conditions Report*. Despite the best efforts of AEMO’s staff, the Energy Council remains disappointed that production of the Draft Report and Determination has taken so long, particularly as the last full review conducted with stakeholders was 2008.

This disappointment is intensified by the observation that despite 16 material issues being identified in the first stage of consultation, the Draft Report and Determination’s result is that only two issues will be acted upon, one of which is merely administrative in nature. Of the remaining 14 material issues, two have been assessed as not warranting further action, while the residual 12 have been abandoned as lower priority and will not be implemented.

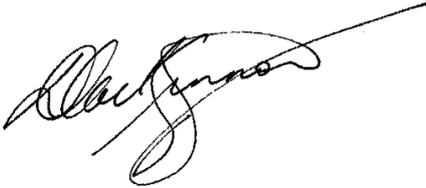
To the Energy Council, this suggests that the consultation process has been ineffective. While it is appreciated that some of the recommendations may be difficult, complex or perhaps costly to implement, their peremptory dismissal is unwarranted when no cost-benefit analysis has been performed. The Energy Council believes that a number of the proposed recommendations, such as local contribution factors, reduced sample periods and missing data are promising, and should be straightforward to assess and implement.

Conclusion

In conclusion, the Energy Council believes that AEMO's Draft Report and Determination is inadequate, and does not address the findings of the protracted consultation process. It is suggested that further work be conducted to ensure the time spent to date achieves the best outcomes for industry, the market and consumers.

Any questions about this submission should be addressed to the writer, by e-mail to Duncan.MacKinnon@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Duncan MacKinnon', with a long horizontal stroke extending to the right.

Duncan MacKinnon

Wholesale Policy Manager
Australian Energy Council