

Australian Energy Regulator (AER)

Submitted via email: RRO@aer.gov.au

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Submission to AER T-1 reliability instrument for South Australia

The Australian Energy Council welcomes the opportunity to make a submission to AEMO's request for T-1 reliability instrument for South Australia (**Request**).

The Australian Energy Council (AEC) is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

AEMO has identified a requirement for an additional 170 MW of capacity in 2023/24. Substantial modelling underpinned by many assumptions was conducted by AEMO to arrive at this assessment. The AEC has concerns with two key assumptions relating to Bolivar Power Station and Heywood interconnector flows.

AEMO has classified the 128 MW Bolivar Power Station (**BPS**) as "Anticipated". Iberdrola has indicated BPS will be operational from November 2022 which is well before the 2023/24 reliability gap period. In the AEC's opinion BPS should be treated as a "Committed" project and treated as such when forecasting reliability gaps.

AEMO appears to have applied overly conservative assumptions regarding Heywood interconnector (**Heywood**) flows by conflating the probability of a full forced outage rate with that of a reclassification event. This results in Heywood being derated to 50 MW for both types of events, yet under a reclassification event Heywood is restricted to 250 MW not 50 MW.

While outside the scope of this consultation, if the AER decides to grant the Request it would be helpful for the AER to inform market participants of the timeline with respect to submitting their net contract position reports as soon as possible.

The AEC hopes that the AER considers the impact of changing AEMO's assumptions to ascertain if this eliminates the reliability gap. Any questions about our submission should be addressed to Peter Brook, by email to peter.brook@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,



Peter Brook

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Australian Energy Council