

18 August 2023

Reliability Panel
c/- Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235



EnergyAustralia
LIGHT THE WAY

Lodged electronically: www.aemc.gov.au (REL0089)

Dear Panel members

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Consultation on Reliability Panel guide to applying the emissions component of the national electricity objective – 24 July 2023

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts across eastern Australia. We also own, operate and contract a diversified energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 5,000MW of generation capacity.

We support the Panel retaining its discretion to adopt a range of qualitative and quantitative approaches in its work. The new regulatory amendments will introduce emissions reduction considerations via a targets statement as well as an explicit value of emissions reduction. We note that the AEMC has suggested it may apply government emissions reductions targets as volumetric measures, and AEMO does this to a significant degree already in defining power system needs in the Integrated System Plan. It seems likely that the new value of emissions reduction will also be prescribed into cost benefit assessments under the energy rules. While such a value would be easily and transparently applied to the Panel's modelling exercises, the process by which this is to be developed is still unclear. Any heightened political interest in the application of a value of emissions reduction, or of government emissions targets via the new targets statement, may detract from delivering the best outcomes for customers. We expect the Panel to appropriately navigate through this as an independent market body.

Generally, we encourage the Panel to provide guidance on the presence of multiple emissions reductions targets and values that are being introduced. Consistency and stability in approach across all market bodies would reduce regulatory risk for market participants, which in principle should deliver benefits for customers. We expect some of this may be resolved through concurrent consultations by the AEMC, to which we have also made submissions, and on which we expect the Panel will be briefed.

If you would like to discuss this submission, please contact me on 03 9060 0612 or Lawrence.irlam@energyaustralia.com.au.

Regards

Lawrence Irlam
Regulatory Affairs Lead