



Government
of South Australia

Department for
Energy and Mining

File No: F2023/001654
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Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

[Sent by ACCC Submissions Web Form]

Dear ACCC

Thank you for the opportunity to make a submission on your draft determination to not grant an authorisation to the Australian Energy Market Operator (AEMO) in respect of their application to coordinate and share information for the purpose of scheduling system works in the National Electricity Market (NEM).

The Department for Energy and Mining strongly supports the granting of this authorisation as per AEMO's application. The department is of the view that an authorisation should be granted given important matters related to the energy transition, issues related to the upcoming risk season, as well as ongoing international supply chain disruptions and impacts.

Energy Transition

Australia is undergoing an energy transition into a low carbon future. The energy transition continues to progress with the Australian Government adopting targets that accelerate Australia's emissions reduction trajectory towards the interim target of a 43 per cent reduction on 2005 levels by 2030.

The department accepts that the energy transition is a longer-term consideration and the wholesale electricity market and maintenance market should function in a competitive way to account for this. The competitiveness in these markets needs to be balanced, however, with the adoption of legislation to reach the 2030 interim emissions reduction target. In effect, the plan adopted by the Australian Government reflects an acceleration of the annual emissions reduction and will necessitate changes to the power system.

Accordingly, the department considers it prudent that an authorisation remain in place for coordinating system works while we commence this next step in the energy transition. As such, now is not the time to inject further uncertainty into the power system by ceasing the authorisation.

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2023-24 Summer Risk Season

There are also short-term impacts that continue to weigh on the power system.

The need for an authorisation to coordinate system works in anticipation of a heightened upcoming risk season is one such paramount consideration. This is both in relation to proactively planning for the summer as well as addressing unplanned works should they arise due to the impacts of extreme weather.

The Bureau of Meteorology has made it clear that broadscale weather conditions strongly point towards a very hot summer across much of the NEM for 2023-24 (and possibly for the following summer). This presents an increased risk of extreme weather, mostly associated with heatwaves.

An authorisation could prove crucial if there are multiple unplanned outages on transmission networks or at power stations associated with extreme heat impacts.

A single widespread power system event would come at a significant cost to the Australian economy and would well outweigh any public competition benefit from denying the authorisation. The primary purpose of such an authorisation is as an initiative to assist in mitigating the risks of a widespread power outage.

International Considerations and Supply Chains

It is evident that international supply chains have not fully recovered from COVID-19 and Ukraine conflict impacts at this time. Significant lead-times and delays (well above pre-COVID times) remain a dominating feature of international supply chain landscape.

With global unrest coming to light in the Middle East recently, history shows that further embargoes are possible and a further global retreat from participation in free and open international trade. This will continue to have an adverse impact on supply lines.

Summary

In summary, the department is of the view that the public benefit of being able to coordinate and share information about system works in the NEM well outweighs any concerns about anti-competitive behaviour.

Furthermore, the department considers that the narrower scope of AEMO's authorisation application (compared to the previously granted authorisations) and the proposed specific exclusions in relation to sharing of specific generator's wholesale prices, costs and margins provides ample safeguard against anti-competitive behaviour.

Should you have any questions in relation to this submission, please contact the department's Emergency Officer, Brian Massey, via email brian.massey@sa.gov.au.

Yours sincerely



Vince Duffy
A/CHIEF EXECUTIVE

30/10/2023