



06 July 2016

Mr Jean-Philippe Montandon
Principal – Electricity Operations
Australian Energy Markets Operator
Level 2
20 Bond Street
Sydney NSW 2000

Dear Mr Montandon

RE: AEMO Consultation - Energy Adequacy Assessment Projection: Guidelines and Timetable Amendments

ERM Power Limited (ERM Power) welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO) consultation on the Energy Adequacy Assessment Projection (EAAP): Guidelines and Timetable Amendments.

About ERM Power Limited

ERM Power is an Australian energy company that operates electricity generation and electricity sales businesses. Trading as ERM Business Energy and founded in 1980, we have grown to become the fourth largest electricity retailer in Australia, with operations in every state and the Australian Capital Territory. We are also licensed to sell electricity in several markets in the United States. We have equity interests in 497 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland, both of which we operate.

General comments

ERM Power in general supports the proposed changes as detailed in the consultation paper and the amendments to the following AEMO's internal documents which were included as part of the consultation;

Energy Adequacy Assessment Projection Guidelines Draft v1.2
Reliability Standard Implementation Guidelines Draft Report v1.1
Spot Market Operations Timetable Draft v1.1

We are however concerned that with regard to 2.2.6 - Factors for additional EAAP reporting contained in the draft Reliability Standard Implementation Guidelines (RSIG) in that for factor 5 - *Consideration to activation of the reliability and emergency reserve trader contract*, the term activation is somewhat ambiguous and could be interpreted as either an EAAP will be performed prior to AEMO calling for tenders for a RERT or calling for the formation of a RERT panel, or alternatively, an EAAP be performed prior to exercise of a RERT contract or possibly all of the above.



ERM Power believes this factor should be set out in the RSIG in unambiguous terms with regard to its intent so as to allow a clear understanding by all parties. ERM Power believes that the NEM would be best served by publication of an EAAP prior to AEMO calling for tenders for a RERT or calling for the formation of a RERT panel.

AEMO should also have internal procedures in place where whenever possible a revised EAAP is internally processed prior to the exercise of a RERT contract. This could be set out in an additional section in the RSIG – 2.2.7 EAAP requirements prior to exercise of the RERT

We submit that Factor 5 could be reworded to;

Consideration to calling for tenders for a RERT or calling for the formation of a RERT panel

Please contact me if you would like to discuss this submission further.

Yours sincerely,

[signed]

David Guiver
Executive General Manager - Trading

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