

30 August 2022

Gavin Fox
General Manager
Australian Energy Regulator

Submitted electronically

Dear Mr. Fox,

PIAC submission to Significant Price Reporting Guidelines Consultation Paper

The Public Interest Advocacy Centre (PIAC) welcomes the opportunity to respond to the Significant Price Reporting Guidelines Consultation Paper.

PIAC supports the proposed framework's aim to provide the AER with the necessary flexibility to tailor significant price reporting to the drivers of an event and the prevailing market conditions.

The proposed framework obliges the Australian Energy Regulator (AER) to monitor and report on significant price outcomes that occur in the following markets:

- Spot market
- Frequency Control Ancillary Services (FCAS) markets
- any markets that may become part of the NEM in the future (for example, inertia or capacity markets).

Under this framework a significant price outcome occurs when in a given region:

- 30-minute price exceeds \$5,000/MWh in the Spot market
- consecutive 30-minute prices exceed \$5,000/MW in FCAS markets or
- any other pricing event occurs that the AER considers will assist meeting the objectives of clauses 3.13.7 and 3.13.7A, which may include pricing events in new markets.

We consider it appropriate to maintain these criteria to allow the AER to assess the impact of 5-minute settlement, and the legacy of current high prices and market volatility, before deciding on new thresholds.

Targeted and accessible reporting will assist stakeholders and policymakers to understand the key drivers of high energy price events and assess whether the market is functioning effectively.

As part of their reporting obligations the AER must consider whether the following factors, outlined in in clause 3.13.7 (b) (2), contributed to the significant price outcomes:

- available capacity
- network availability
- offer, bidding and rebidding behaviour in respect of the relevant market

The AER may also consider the following matters outlined in clause 3.13.7 (b) (3):

- broader and ongoing market trends that may be contributing to the significant price outcomes
- any events and behaviours that may be detrimental to effective competition or efficient market operation
- any other matter which the AER considers relevant.

While PIAC considers this reporting content appropriate, we urge the AER to provide more clarity on reporting timeframes to ensure they enable timely and effective use of reporting.

We recognise that timing will be influenced by factors including the complexity of the price outcome(s), the availability of AER resources, and the level of importance of the price outcome(s) to the market. However, it is worthwhile to consider more prescriptive criteria on when and how the AER should report, to guide the AER and ensure it effectively exercises its power to examine and report on significant price events in a timely manner.

PIAC welcomes the opportunity to discuss these matters further with the AER and other stakeholders.

Yours sincerely

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