

21 December 2017

Suzanne Falvi
Executive General Manager
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235



Dear Ms Falvi,

Inertia Ancillary Service Market draft determination

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon disadvantaged and marginalised people. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the draft determination for the Inertia Ancillary Service Market rule change.

PIAC supports the AEMC's draft determination

PIAC supports the AEMC's draft determination not to make a rule at this time. There have recently been a number of rule changes and reforms implemented relating to system security and market operation, and a number are still in train. It is appropriate to allow time to assess the effectiveness of these reforms in terms of the benefits to consumers and the costs they impose. Without tying back to the cost-reliability trade-off for consumers, multiple reforms on the back of each other could lead to a ratcheting up of costs for system reliability and security over and above an efficient level.

As noted in our earlier submission, any rule change which impacts on consumer costs must be justified by demonstrably better outcomes for consumers and based on their actual willingness to pay, rather than just 'keeping the lights on' at any cost.

Continued engagement

PIAC would welcome the opportunity to meet with the AEMC and other stakeholders to discuss these issues in more depth.

Yours sincerely,

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