

3 May 2024

Karen Krist
A/General Manager, Market Surveillance
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
By email: ContractMarketMonitoring@aer.gov.au

Dear Ms Krist,

Wholesale Market Monitoring and Reporting Guideline

The Public Interest Advocacy Centre (PIAC) welcomes the opportunity to respond to the Australian Energy Regulator's (AER) issues paper on the Enhanced Wholesale Market Monitoring and Reporting Guidelines (the issues paper).

PIAC supports the broad directions of the enhancement, but contends two key elements are missing:

- implementing the requirement for the AER to monitor and report on any issues that may be detrimentally impacting achievement of the national electricity and gas objectives (including emissions reduction), and
- monitoring and reporting on demand response offerings and 'dispatches' from wholesale market participants.

Factors impacting on the achievement of the NEO and NGO

The proposed enhancements do not address the need to monitor and report on factors impacting the achievement of the national electricity objective (NEO) and the national gas objective (NGO).

The Act to amend the *National Electricity (South Australia) Act 1996* and the *National Gas (South Australia) Act 2008* assented to on 18 April 2024 (the Act) inserts references to sections 18C of the *National Electricity (South Australia) Act 1996* and section 30AC of the *National Gas (South Australia) Act 2008* to the NEO and the NGO.

The addition to the *National Electricity Law* at 18(c)(1)(b)(iv) stipulates that the AER must, in its wholesale market monitoring and reporting functions, analyse whether "there are features of the market that may be impacting detrimentally on the achievement of the national electricity objective".

The addition to the *National Gas Law* at 30AC(1)(b)(iv) mirrors this stipulation in relation to the wholesale gas market.

There are no clear demonstrations this requirement is being addressed in the issues paper. Specifically, it is not clear how features of the two markets that may adversely impact on the objective to reduce emissions are being monitored and reported on.

The AER should develop measures to record the scope 1 and 2 emissions reported by market participants dispatching either electricity or gas into the two respective wholesale markets. It should aggregate this data to provide sequential analysis of the aggregated emissions produced by suppliers in each market.

This will require collaboration the Clean Energy Regulator - which collects facility-level emissions data under the National Greenhouse and Energy Reporting Scheme - and the market operator in each of the two markets, who will provide the supply volumes of each market participant.

Demand response offerings and dispatches

The AER should also systematically monitor and records the demand response offerings and 'dispatches' by market participants in the national electricity market (NEM).

Demand response is expected to (and must) increase in the coming years. Regulators, policymakers, and market participants currently do not have any data on the state of demand response markets at present. The AER should begin collecting and publishing information on demand response activities to allow each of these groups of actors to make decisions that are efficient and in the long-term interest of consumers,.

We welcome the opportunity to meet with the AEMC and other stakeholders to discuss these issues in more depth. Please contact me at mlynch@piac.asn.au regarding any further follow up.

Yours sincerely,

Michael Lynch
Senior Policy Officer

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