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COAG Energy Council Secretariat
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Submitted via e-mail to: energycouncil@environment.gov.au

Ministerial Power to Make Rules: *Statutes Amendment (National Energy Laws) (Rules) Bill 2017*

Alinta Energy (**Alinta**) appreciates the opportunity to provide a submission to the Council of Australian Governments (**COAG**) Energy Council in response to the draft *Statutes Amendment (National Energy Laws) (Rules) Bill 2017 (the Draft Amendment)*.

Alinta is both a generator and retailer of electricity and gas in the east and west coast energy markets. It has an owned and contracted generation portfolio of 1957MW, including 1700MW of gas-fired generation facilities in excess of 800,000 customers including more than 250,000 in east coast markets.

As an active and growing market participant Alinta is both directly and indirectly impacted by market rule changes.

General Comments

Alinta understands the Draft Amendment establishes a mechanism under which the newly established Energy Security Board (**ESB**) can make recommended rule changes, which, if unanimously accepted by the Ministerial Council on Energy (**MCE**), can be implemented immediately into law by the South Australian Minister for Mineral Resources and Energy.

Alinta appreciates the important role the ESB has, and the need for the timely adoption of recommendations, especially in the current market environment. However, Alinta does hold some concerns in relation to Section 90F Clause (4)(c) which states that the only consultation on ESB-proposed rule changes should be “*in accordance with any requirements determined by the MCE*”.

In Alinta’s view this clause does not provide affected stakeholders or interested parties with the surety that a rigorous consultation process will always take place. For example, if the MCE recommends no consultation take place, is there any scope to challenge this decision?

Comparable experience exists

Alinta operates in multiple energy jurisdictions, including the National Electricity Market (**NEM**), various NEM gas trading markets, the Wholesale Electricity Market (**WEM**)¹, and the New Zealand Electricity Market.

Alinta’s experience has been that robust consultation processes largely mitigate the risk of unintended consequences for the market, which can result from hastened rule change processes absent of industry consultation. Seemingly innocuous errors and inaccuracies are able to be largely

¹ Where the Minister for Energy currently has the powers to make Amending Rules, without following the consultation processes set out in the WEM Rules.

resolved early on in the regulatory process if appropriate industry consultation is undertaken before rule changes are implemented.

While Alinta is cognisant that there is a need for the timely adoption of recommendations, especially in the current market environment, Alinta's preference is that rule changes continue to be subject of adequate consultation under the draft amendment.

As such, except in the case of undoubtedly uncontroversial rule changes, Alinta suggests mandatory industry consultation be required for potential rule changes before they be sent to the MCE for endorsement and authorisation.

Conclusion

To conclude, Alinta suggests that an amendment be made that necessitates industry consultation to take place prior to the rule changes being sent to the MCE.

Alinta is also supportive of the Australian Energy Council's corresponding submission on this issue, including the points raised regarding market participant confidentiality concerns.

Please contact Mr Anders Sangkuhl via email: anders.sangkuhl@alintaenergy.com.au or by phone 02 9375 0992 if you have any queries in relation to this submission.

Yours Sincerely



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