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National Energy Guarantee

Submission on the reliability obligation policy options

BlueScope Steel (**BlueScope**) welcomes the opportunity to provide comments in response to the Energy Security Board (**ESB**) consultation paper on the reliability obligation policy options under the National Energy Guarantee (**Guarantee**).

BlueScope believes that the T-3 and T-1 triggers along with the 10-year forecasting period proposed by the ESB in the final design of the Guarantee provide sufficient time for the market to react to any forecast gap. This is also aligned with the generator closure notice period of a minimum of 3 years.

Introducing an option to trigger at T-5 requires a decision on whether to activate the trigger based on a less certain forecast than T-3. The analysis at T-5 may also be voided if a generator provides notice of closure between three and five years. This could potentially double the effort and increase administration costs of the reliability requirement.

BlueScope does not support either the option to remove the T-3 trigger and or that of providing Ministers with discretionary power to enact the trigger at any time, however, BlueScope believes removing the T-3 trigger would be less detrimental than giving Ministers discretionary power. While reliability will be measured regionally, the policy and reliability requirement should be administered centrally and objectively by market bodies and not at the discretion of individuals.

If the reliability requirement is to be implemented, the requirement should be progressed as per the ESB's final design and the reliability obligation precondition options presented in the consultation paper should not be adopted.

Thank you for the opportunity to provide feedback on the design of the Guarantee. If further comment or clarification is required please contact Bridgette Carter, Manager Energy Sourcing & Utilisation on 02 4240 1749 or David Jenkins, Manager Government Relations on 03 9666 4022.

Yours sincerely

A handwritten signature in blue ink, appearing to read "BCarter".

Bridgette Carter
Manager Energy Sourcing and Utilisation
BlueScope Steel