

5 April 2019

Energy Security Board  
RRO Draft Rules Consultation  
Via email: [info@esb.org.au](mailto:info@esb.org.au)

Dear ESB,

### **Retailer Reliability Obligation draft rules consultation**

Hydro Tasmania welcomes the opportunity to provide a response to the Draft Rules Consultation Paper. We have participated in the development and design of the policy and its predecessor from an early stage and have valued the considerable efforts of the ESB to consult with stakeholders and seek out relevant input and expertise.

We support the paper's proposed transitional arrangements including, the development of draft guidelines during 2019 with these to be finalised in 2020. In particular, the issues of AEMO's ESOO forecasting; and AER's process for assessing qualifying contracts (firmness methodology) are critical to the functioning and effectiveness of the RRO. We look forward to contributing to further consultation on these issues.

With respect to the RRO draft rules consultation paper, we would like to make the following brief comments.

- We note the challenge of providing and enacting RRO rules alongside other relevant rule changes and processes. As the consultation paper notes: *"The five minute settlement rule change.....will change the definition of 'trading interval' in the Rules."* In addition, the enhanced RERT rule change and ESB consideration of post-2025 market design are occurring in parallel. It is important that the linkages and overlap of these processes is well understood and articulated.
- We support the reliability standard being used as the basis for triggering the reliability obligation.

- The RRO has been developed around a T-3 trigger which is generally supported by the electricity sector. The 3 year notice of closure was initially assumed to align with this, however the consultation paper now asks whether this should be extended. Hydro Tasmania believes that for the RRO to be effective, accurate and clear for all participants, the two timeframes need to somehow be aligned.

Early voluntary notice of closure by power station operators will aid both system planning and individual market responses. Nonetheless, we do not support the mandatory notice of closure being extended to 4 years.

Hydro Tasmania does not have a ready-made solution for this but would support the ESB considering further how to align timing. If the 3 year notice of closure is not extended then options such as allowing AEMO's decision on whether to request an RRO instrument being contingent on no announced closures in the following 3 months could be considered.

- Hydro Tasmania's retail arm Momentum Energy will continue to consider the 'opt-in' provisions for large-customers. This is an important issue for both retailers and large-energy users. The implications of the opt-in provision must be well understood so that both energy providers and their customers can contract appropriately.

Please contact Colin Wain ([colin.wain@hydro.com.au](mailto:colin.wain@hydro.com.au); 03 8612 6443) should you require any further information on this submission.

Yours sincerely



Colin Wain  
Policy Development Manager