

12 December 2018

Mr Vince Duffy  
Director Energy Policy  
Department of Energy and Mining  
GPO Box 320  
ADELAIDE SA 5001

via email:

Dear Mr Duffy

We write in relation to the State Government's consultation on its draft National Electricity (South Australia) (Ministerial Reliability Instrument) Amendment Bill 2019, specifically the proposal for the State Minister to have power to give effect to the Retailer Reliability Obligation (RRO) T-3 determination.

Business SA is South Australia's peak Chamber of Commerce and Industry, representing over 3,200 businesses across every sector. Being primarily funded by our products and services to thousands of local businesses alongside member subscription support, Business SA is independent of the policy agenda of any government or political party.

We have long supported the intention of the National Energy Guarantee (NEG), including both its reliability and emissions reduction components. In fact, we recently surveyed members on this topic through our long-standing Survey of Business Expectations and with over 380 responses, 58 percent of businesses remained supportive of the NEG, despite it being discontinued as formal Federal Government policy.

While Business SA strongly supports a policy mechanism to sure up electricity reliability in South Australia at least cost, we have consistently maintained that this must be achieved at a national level. Consequently, we did not endorse the previous State Government's push to legislate its own Energy Security Target before allowing the Finkel Review and Australian Energy Market Commission (AEMC) System Security Market Frameworks Review to run their full course.

A truly functioning 'national' electricity market (NEM) requires uniform governance across the states and territories. This is particularly important to ensure South Australia is not further disadvantaged in trying to attract required investment, a hard enough predicament already when carrying the burden of the most concentrated NEM jurisdiction.

Subsequently, Business SA does not support the State Government having unique powers in relation to triggering a T-3 RRO under the National Electricity Law (NEL). If the proposed changes are warranted to necessitate required investment across the NEM, the State Government should continue to push for a Council of Australian Governments (COAG) consensus. Confusion would also ensue if the South Australian Government had powers for a T-3 RRO but the Australian Energy Regulator (AER) maintained sole power to trigger a T-1 RRO.



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South Australian businesses need assurances that critical decisions being made in relation to electricity reliability come from a base of access to all available information. Having a national market body such as the AER responsible for triggering all RRO requirements under the NEL will ensure that all information across the NEM is adequately considered for. This mechanism will also provide confidence to electricity market investors that their treatment in South Australia will not vary when compared with other states and territories.

Business SA welcomes the State Government's focus on ensuring that the Australian Energy Market Operator (AEMO) forecasts of reliability are accurate. Following the last South Australian load shedding event in February 2017, we called on AEMO to be more conservative with their temperature forecasts and we have since welcomed their adoption of more accurate weather forecast information from the Bureau of Meteorology.

Considering the recent changes in national energy policy over the last two years, including an obligation on generators to notify the market three years ahead of a scheduled or semi-scheduled generation unit closure which only came into effect last month, Business SA is confident that the ability of AEMO to forecast reliability shortfalls in future should improve. Notwithstanding, we agree with you that the benefit of these changes may not necessarily be reflected in recent AEMO Electricity Statement of Opportunity (ESOO) reports for South Australia.

Should you require further information, please contact Andrew McKenna, Senior Policy Adviser, Business SA, on (08) 8300 0000 or [andrewm@business-sa.com](mailto:andrewm@business-sa.com).

Yours sincerely,

Anthony Penney  
Executive Director, Industry and Government Engagement