

Our Ref: 13657813  
Your Ref: REL0082  
Contact Officer: Chris Ridings  
Contact Phone: [REDACTED]  
Date: 3 March 2022

Mr Charles Popple  
Chair – Reliability Panel  
GPO Box 2603  
SYDNEY NSW 2000

Dear Mr Popple,

### **2022 Reliability Standard and Settings Review – Issues Paper**

The Australian Energy Regulator (**AER**) welcomes the opportunity to comment on the Reliability Panel's *2022 Reliability standard and settings review*.

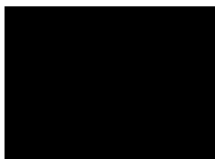
The AER has made a number of submissions to previous reviews of the reliability settings raising concerns with the current arrangements for the cumulative price threshold (**CPT**).

The CPT is intended to act as a risk management mechanism to limit the exposure of market participants to high spot prices over a protracted period of time. However, it is unclear whether the operation of the CPT to date has achieved this intended aim. Participants have been exposed to periods of very high prices without the CPT thresholds being breached. For example, prices over a quarter averaged over \$200/MWh in Victoria and South Australia in Q1 2019. Further, as recently as last month, prices averaged in excess of \$600/MWh over a week in Queensland, without the CPT threshold being breached. Given this, and that it has been nearly two decades since the design of the CPT has been reviewed in detail, we encourage the Reliability Panel to review whether the current design is fit for purpose in this rapidly evolving market.

We have attached our previous submissions to reviews of the reliability settings which explain in more detail the issues we have identified with the CPT.

We thank the Reliability Panel for the opportunity to submit on this process. If you have any questions about our submission, please contact Chris Ridings on [REDACTED].

Yours sincerely,



Mark Feather  
General Manager, Strategic Policy and Energy Systems Innovation  
Australian Energy Regulator