

Consultation Paper

Significant price reporting guidelines

Submissions due: Tuesday, 30 August 2022

3 August 2022

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1. Consultation: Significant price reporting guidelines

The Australian Energy Regulator (AER) is seeking stakeholder feedback on our proposed *Significant price reporting guidelines* (Guideline) for monitoring and reporting on significant price outcomes under clauses 3.13.7 and 3.13.7A of the National Energy Rules (NER).

Purpose

The purpose of the Guideline is to inform interested parties on our approach, criteria and procedures for significant price reporting. Reports prepared under the Guideline explain the key drivers of high energy price events. This assists stakeholders and policymakers to assess whether the market is functioning effectively.

History

The previous reporting rules required the AER to undertake detailed analysis when the spot price for electricity exceeds \$5,000/MWh or when the ancillary service price exceeds \$5,000/MW for a sustained period. These requirements were introduced to address the concern that generators would take advantage of a high market price cap to strategically offer plant to the market to force up prices.

While this detailed analysis is appropriate for some price outcomes, the rules lacked flexibility and required the AER to report in detail on factors that were not always relevant. This was resource-intensive for the AER and provided limited value for stakeholders. Moreover, the previous rule was written when the generation mix in the market was very different to what it is now.

2. Proposed Guideline

Our proposed Guideline supports a change from a prescriptive to a principles-based framework for significant price reporting. This will allow us to more effectively target resources to deliver reporting of high value to stakeholders.

The Guideline provides us with greater discretion and flexibility to tailor reports to the drivers of an event and the prevailing market conditions. This will allow us to provide more targeted and accessible reporting for stakeholders, creating better market transparency.

Significant price outcome criteria

Initially, we propose that the price thresholds set out in the Guideline for determining significant price outcomes are unchanged from our previous obligations. This will allow us to assess the impact of 5-minute settlement, and the legacy of current high prices and market volatility, before deciding on new thresholds.

Future review

We propose to periodically review the Guideline to ensure it continues to support relevant and valuable reporting in an evolving market.

We plan to conduct our first review over the next 12 months, with a particular focus on setting appropriate price thresholds for significant price outcomes based on analysis of recent market trends.

As part of our review, we will also evaluate the effectiveness of the new reporting framework and associated AER reporting, taking stakeholder feedback into consideration.

3. Feedback and the consultation process

How to provide feedback

All interested parties are encouraged to provide written submissions to wholesaleperformance@aer.gov.au by close of business **Tuesday, 30 August 2022**.

Should you wish to discuss this consultation paper further or arrange a meeting, please feel free to contact us through the above email address.

We prefer submissions to be publicly available to facilitate informed and transparent consultation. We will treat all submissions as public documents unless otherwise requested.

Potential areas for feedback

You may wish to consider the following areas in addressing feedback:

- reporting scope
- significant price outcome criteria
- reporting content.

Next steps

At the conclusion of the consultation process, the Australian Energy Regulator will review and incorporate feedback into the Guideline. Once this has been finalised, we will endeavour to publish the first iteration of the Guideline by 29 September 2022.

Table 1 Indicative milestones

Date	Milestone
3 August 2022	AER publishes consultation paper and draft Significant price reporting guidelines
30 August 2022	Submissions to consultation paper due
By 29 September 2022	Publish initial Significant price reporting guidelines

Note: Dates are subject to change.