

Our Ref: 16317105
Your Ref: ERC0382
Contact Officer: Stephen Watson
Contact Phone: [REDACTED]
Date: 14 February 2024

Ms Anna Collyer
Chair – Australian Energy Market Commission
PO Box A2449
Sydney South, NSW, 1235

Dear Ms Collyer,

2024 Resetting Powerlink's system strength unit prices – consultation paper

The Australian Energy Regulator (**AER**) welcomes the opportunity to comment on the recent consultation paper released by the Australian Energy Market Commission (**AEMC**) regarding Resetting Powerlink's system strength unit prices (SSUPs).

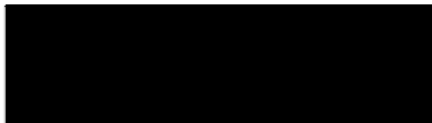
In the new system strength framework, a system strength service provider (SSSP) determines SSUPs using the method included in its approved pricing methodology. The AER approved Powerlink's pricing methodology in January 2023. However, as detailed in Powerlink's rule change request, projected costs for system strength have fallen significantly since then.

The AER acknowledges the work undertaken by Powerlink to update their system strength unit prices, using the latest available information. This proposed reduction in prices would give a more accurate reflection of the cost to procure system strength from Powerlink, but still allow market participants to self-remediate if they desire. This would allow connecting participants to make an economically rational decision whether or not to opt in to the centralised procurement framework, which would be in the long term interest of consumers.

AEMC's indicative draft rule proposes that Powerlink would be able to reset its SSUPs within the period of 15 March to 14 April 2024. We consider this timeframe is appropriate, and should not cause delays to the annual pricing process.

We thank the Commission for the opportunity to provide input to this consultation. If you have any questions about our submission, please contact Stephen Watson on [REDACTED].

Yours sincerely,



Jacquie Shannon
Acting General Manager, Policy Branch
Australian Energy Regulator