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On the proposed changes to the Significant Price Reporting guidelines

Submission to the Australian Energy Regulator

Submitted by: Benjamin Willey

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Feedback on the AER proposal on Significant Price reporting guidelines

Thank you for the opportunity to provide feedback on the consultation paper *Significant price reporting guidelines – 2025 Review*. Energy Consumers Australia regularly monitors the AER quarterly reports on high wholesale prices due to their disproportionate influence on retail prices.

Currently, these reports identify days when spot prices exceed the fixed value of \$5,000/MWh and then consider whether certain factors (such as network outages and rebidding) were likely to have contributed to those high prices. We value the report in its current form but agree that as the market price cap has increased and high price events have become more frequent, there is a need to adjust the criteria for identifying significant prices.

We see two distinct phases of the current and proposed reporting process:

1. **Identification** of the set of days on which significant prices have occurred,
2. **Analysis** of a subset of the identified days to study possible causal factors.

We would like to put forward a series of four guiding principles that would ensure the significant price reporting remains a useful resource:

- Use of an objective, unchanging criteria for the identification phase, with *all* identified days published in a table as part of the report.
- A discretionary approach to selecting a subset of the identified significant prices to report on.
- Identification of significant prices for each region separately, and for the FCAS markets separately.
- Matching the resolution of the underlying markets, thereby currently reporting on 5-minute prices.

Selecting a methodology that achieves the above will allow users of the reports to compare significant prices for different quarters knowing they were selected on an equal footing. Users will also be able to easily isolate differences between high price dynamics across regions and markets.

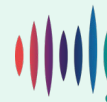
The guidelines proposed by the AER achieves the first two of these goals, but not the last two. Notably:

- The significant price selection is done across *all* regions and markets.
- 30-minute prices are used, running the risk of overlooking short-term high price events.

In addition, the proposed process requires identifying the highest price days in each month *before* the highest price days in the quarter. This approach runs the risk of identifying relatively low prices in a constituent month at the expense of higher prices in the quarter. We also note that the AER has not been explicit on what decision is made in the case of a tie for highest price.

Our suggestion for an improved methodology for the identification of significant prices, and one that satisfies all criteria above, is as follows:

1. Select a region.
2. Select the three days with the highest 5-minute prices across the quarter in that region.



3. Select the day with the highest 5-minute price for each month in that region, unless it has already been chosen.
4. Create a table of identified days for that region.

An analogous approach should then be taken for reporting on the FCAS markets, except that the selection should be done over *all* FCAS markets.

We appreciate the AER's consideration of these views. For further information about our submission, please contact Ben Willey at Ben.Willey@energyconsumersaustralia.com.au.

Yours sincerely

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