

5 April 2019



Mr Peter Adams  
General Manager, Market Performance  
Australian Energy Regulator  
GPO Box 520  
MELBOURNE VIC 3001

Dear Mr Adams

**Generator notice of closure exemption guideline – Issues paper and notice of consultation**

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex) welcome the opportunity to provide comment to the Australian Energy Regulator on its consultation on the Generator notice of closure exemption guideline issues paper.

Ergon Energy's and Energex's responses to the consultation are included in the attached submission.

Should you require additional information or wish to discuss any aspect of Ergon Energy's and Energex's submission, please do not hesitate to contact either myself on (07) 3851 6787 or Don Clunes on (07) 3664 4969.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Trudy Fraser', enclosed in a light grey rectangular box.

Trudy Fraser  
**Manager Policy and Regulatory Reform**  
Telephone: (07) 3851 6787  
Email: [trudy.fraser@energyq.com.au](mailto:trudy.fraser@energyq.com.au)

***Encl:*** Ergon Energy's and Energex's response to the consultation paper

# Australian Energy Regulator – Generator notice of closure exemption guideline

## Attachment 1 - Ergon Energy Network's and Energex's Response to Consultation Paper

Consultation Paper Question	Ergon Energy Network and Energex Comments
<b>2.1 What information should a generator provide in submitting an application for exemption? Page 9</b>	
Question 1: What information should we require a generator to provide in submitting an application for exemption?	<p>The information that should be required will necessarily depend on the criteria that would be considered allowable for exemption. While the AEMC have stated they wish to treat applications on a case-by-case basis, a consistent and transparent framework is essential.</p> <p>Any consideration of exemption must be evidence based and it is vital that any evidence or information required is as comprehensive as possible. In particular, analytics must be presented on the impact of the early closure in terms of network security, generation cost, personnel and community.</p>
<b>2.2 What procedure would be appropriate for considering applications for exemption? Pages 9 - 11</b>	
Question 2: What procedure would be appropriate for considering applications for exemption?	The procedure should include an impact report prepared and put to market for consultation to enable all affected stakeholders (e.g. the connecting NSP, AEMO etc.) to provide objections or input.
Question 3: To what extent should we make applications for exemption, any supporting information, and our considerations public?	The exemption impact report should be available to the public, with pertinent evidence included in the report, particularly given the effect the closure can have on the market. While we acknowledge that commercial considerations may be included in the drivers behind an application, we note that the generator can ask that such information not be released publically.
Question 4: Would a defined timeframe for considering an application for exemption be beneficial?	Due to the potential impacts of an exemption approval, it is imperative that the timeframe for consideration of an application and the resultant decision be made within a defined timeframe.

Consultation Paper Question	Ergon Energy Network and Energen Comments
<b>2.3 What criteria could be helpful in considering applications for exemption? Pages 11 &amp; 12</b>	
Question 5: What criteria could be helpful in considering applications for exemption?	<p>There are a number of criteria which could assist in considering applications for exemption, including:</p> <ul style="list-style-type: none"> <li>- The effect on the broader network – for example, where a generator has previously provided voltage support for a particular area of the network, and an alternative must now be found, any requirement to conduct a regulatory investment test, prior to investing in a suitable alternative takes considerable time. As such we consider an exemption should not be granted where it will result in a gap in network security.</li> <li>- An exemption should only be granted for force majeure type events, unanticipated equipment failure, severe environmental or health and safety impact, and a compelling financial case such as an inability to recover fuel costs from energy sales.</li> </ul>
Question 6: How should we treat the interaction of the National Electricity Rules and other legislation, regulations or obligations in considering applications for exemption?	The criteria for the consideration of applications for exemption should be primarily based around the National Energy Objective of promoting efficient investment in, and operation and use of electricity services for the long term interests of consumers of electricity in relation to price, quality, safety and reliability and security of supply.