

9 December 2020

Mr Craig Oakeshott  
Market Performance Branch  
Australian Energy Regulator

Via Email: RRO@aer.gov.au

Dear Mr Oakeshott

**RE: T-3 Reliability Instrument Application NSW January to March 2024**

The Queensland Electricity Users Network (QEUN) appreciates the opportunity to provide a consumer perspective to the Australian Energy Market Operator's application for a T-3 Instrument for the NSW region for the period January to March 2024.

The QEUN is a consumer advocate representing small business and residential consumers with a particular emphasis on regional consumers. We advocate for affordable and reliable electricity from a resilient national electricity system where the pace of the transition to a renewable energy future is not at the expense of the economy, jobs or reasonable living standards.

We understand AEMO's application for the T-3 Instrument is based on the Interim Reliability Measure (IRM) of 0.0006%. The QEUN is concerned that had the Retailer Reliability Obligation (RRO) been based on the Reliability Standard of 0.002% a NSW shortfall of 154 MW would not have been triggered. Due to the financial implications on retailers (and consumers) of the approval of the T-3 Instrument, we recommend an urgent review of the adoption of the IRM as the T-3 trigger.

Regardless of whether an application for a T-3 instrument is based on the IRM or the Reliability Standard of 0.002%, we strongly recommend AEMO updates its 2020 Electricity Statement of Opportunities forecasts as much has changed since August 2020. In the past AEMO has provided ESOO updates where there have been significant developments that would materially affect forecasts. We believe the NSW Government's Electricity Infrastructure Map warrants an ESOO update before a decision is made by the AER on the T-3 application.

We also understand AEMO did not include planned and committed transmission network augmentations in its 2020 ESOO and their inclusion would result in less Unserved Energy in NSW in Quarter 1 2024.

Should the AER approve the T-3 application, this would represent yet another cost which will ultimately be borne by consumers. A cost for which consumers will see no noticeable benefit. In the midst of a global pandemic, extra energy costs are a financial burden to the industry and energy consumers alike.

Additional costs brought about by the approval of the T-3 application will affect the profitability of all retailers and generators, not just second tier retailers and small generators.

As per the AER's retail performance statistics released on 30 November, a Tier 1 retailer in Q4 2019-20 was responsible for referring over 23,000 residential customers in the NEM (excluding Victoria) to an external credit collection agency for debt recovery. New South Wales residential customers represent 56 percent or 16,467 of the 29,214 NEM total (excluding Victoria). Residential customers in NSW are clearly struggling and this is impacting on retailers large and small. More costs caused by a successful T-3 application will add to the burden of industry and energy consumers alike.

Yours faithfully

A handwritten signature in blue ink that reads 'J Brownie'.

Jennifer Brownie  
Coordinator

Queensland Electricity Users Network