



15 December 2020

Australian Energy Market Operator
GPO Box 2008
Melbourne VIC 3001

Via email to AEMO.Settlements@aemo.com.au

Dear Board Members,

Re: NEM settlement under zero and negative regional demand conditions - Issues paper

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Australian Energy Market Operator (AEMO) regarding the issues paper on National Electricity Market (NEM) settlement under zero and negative regional demand conditions.

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE has interests in generation, renewable energy development, and energy services. ENGIE also owns Simply Energy which provides electricity and gas to more than 730,000 retail customer accounts across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

ENGIE understands the urgency of this issue and the need for a short-term solution while the Australian Energy Market Commission considers the 'Integrating energy storage systems into the NEM' rule change request. In that context, ENGIE supports AEMO's preferred option as it provides a simple approach to allocating non-energy costs when there is zero or negative aggregate regional demand during a trading interval. While option two would likely provide a more accurate allocation of non-energy costs, the 12-month rolling average of consumption appears to make this option slightly more complex than the preferred option.

While AEMO's issues paper focuses on cost recovery during trading intervals with zero or negative demand, there may be other flow-on impacts on systems and loads if there is zero or negative demand. AEMO should consider all potential impacts of zero or negative demand in its short-term solution, to ensure that appropriate contingencies are in place before such an event occurs.

Should you have any queries in relation to this submission please do not hesitate to contact me, on telephone, 0436 929 403.

Yours sincerely,

A handwritten signature in black ink that reads "Matthew Giampiccolo".

Matthew Giampiccolo
Senior Regulatory Adviser