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Energy Security Board
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Submission on Post 2025 Market Design Issues Paper

BlueScope Steel (**BlueScope**) welcomes the opportunity to provide comments to the Energy Security Board (**ESB**) on the Post 2025 Market Design Issues Paper.

BlueScope is Australia's largest steel manufacturer and the only flat steel producer. We employ 6,500 people in Australian regions and cities to supply our nationwide customers in the building and construction, manufacturing, transport, and agriculture sectors. BlueScope also exports steel products and is a global leader in premium coated and painted steel products, operating in 18 countries.

As a large energy user, energy affordability, reliability and security are fundamental to the competitiveness of our business. Over recent years, BlueScope has transformed its operations to return to profitability. Keeping domestic production costs competitive remains paramount and energy is a major cost in steelmaking. More expensive energy directly affects our capacity to invest and provide employment.

BlueScope supports the work of the ESB in reviewing the current market structure to ensure that it is fit for purpose as the industry continues to transition to a low carbon future. A lack of integrated thinking and forward planning has made for a volatile transition to date; forward planning and extensive consultation and collaboration will be important to ensure that the market is well equipped to meet the needs of consumers and the National Electricity Objective into the future.

BlueScope's feedback on a number of areas addressed in the paper can be found overleaf.

Thank you for the opportunity to provide feedback. If further comment or clarification is required please contact Bridgette Carter, Manager Energy Sourcing & Utilisation on 02 4240 1749 or David Jenkins, Manager Government Relations on 03 9666 4022.

Yours sincerely

A handwritten signature in blue ink, appearing to read "BCarter".

Bridgette Carter
Manager Energy Sourcing & Utilisation

QUESTION	RESPONSE
<p>What scenarios and shocks should be used? How should these be used to test market designs?</p>	<p>There is merit in using the AEMO ISP scenarios to ensure that system investment and market design are aligned. AEMO will need to continue to review, be transparent and consult on the form of these scenarios to ensure that they remain fit for purpose for both the ISP and market review.</p>
<p>How can market and economic modelling best be used to evaluate individual components of market design or the end-to-end market design?</p>	<p>BlueScope supports the response provided by the EUAA with respect to utilising the CSIRO Total Generation Cost analysis and AEMO's ISP economic analysis.</p>
<p>Is the assessment framework appropriate to evaluate the effectiveness of future market designs? What else should be considered for inclusion in the assessment framework?</p>	<p>The assessment framework is broad and appropriate.</p> <p>The ESB has stated it is not intending to use a hierarchy to resolve conflicts between principles. BlueScope understands that there are many contextual factors and a qualitative assessment will be required but the relative importance of the principles in relation to each other will need to be agreed to ensure that the evaluation provides for the best outcome.</p>
<p>Have we identified all of the potential challenges and risks to the current market? If not, what would you add?</p>	<p>BlueScope agrees with the potential challenges and risks identified in the Issues Paper.</p> <p>BlueScope would also add that the interactions and interdependencies between the gas and electricity market are also risks and challenges to the current market.</p>
<p>Which of these challenges and risks will be most material when considering future market designs and why?</p>	<p>Some of the more material challenges and risks will be:</p> <ul style="list-style-type: none"> - the speed of change, change in technology and the economics of new technologies, - how new technology drives demand patterns, - government energy and emissions policies, and, - how the gas market evolves and impacts the electricity market. <p>The number of reforms already being implemented but not yet entrenched in business as usual is also a significant challenge to understanding what market reforms are required going forward. The ESB will need to build these market reforms into a BAU case to ensure they are taken into consideration.</p>
<p>Which (if any) overseas electricity markets offer useful examples of how to, or how not to, respond to the challenges outlined in this paper?</p>	<p>No comment</p>