

# WHOLESALE ELECTRICITY MARKET

## Submission to Procedure Change Proposal

### AEPC\_2017\_09: Reserve Capacity Performance Monitoring

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### Submission

Clause 2.10.7 of the Wholesale Electricity Market Rules provides that any person may make a submission for a Procedure Change Proposal (including proposals developed by AEMO, the Economic Regulation Authority or the Rule Change Panel) by completing this Procedure Change Submission form.

Submissions should be provided by email to the nominated contact in the call for submissions published with the Procedure Change Proposal.

**Please provide your views on the Procedure Change Proposal, including any objections or suggested revisions**

Alinta Energy (**Alinta**) welcomes the opportunity to provide a submission to the Australian Energy Market Operator (**AEMO**) on its *Procedure Change Proposal: Reserve Capacity Performance Monitoring (Procedure Change Proposal)*.

Alinta notes that AEMO has proposed updates to the procedure to:

- reflect the amendments to the Wholesale Electricity Market Rules (**Market Rules**) which will commence on 1 October 2017 (these amendments include changes to the frequency and type of reporting arrangements within the Reserve Capacity performance monitoring processes); and
- update the format and increase the clarity of the Market Procedure.

In reviewing the Procedure Change Proposal, Alinta has identified the following issues for further consideration by AEMO:

- **Step 1.4:** This step outlines the Market Procedures which provide background information to the Reserve Capacity Performance Monitoring Market Procedure.

Step 2.1.3 of the Procedure Change Proposal refers to the term “Equivalent Planned Outage Hours”, this term is defined as “*the sum of the “Planned Outage Hours” and the “Equivalent Planned Derated Hours” for the Facility as calculated in accordance with the Power System Operation Procedure*”.

Alinta considers that step 1.4 should be expanded to include a reference to the Facility Outages Power System Operation Procedure.

- **Step 2.1.4:** Rather than simply repeating the first part of clause 4.27.3A of the Market Rules verbatim, Alinta considers that this step could be enhanced by giving examples of the matters which AEMO may consider when making this assessment (drafted as an “including, but not limited to” list).

The inclusion of such a list in the Market Procedure will ensure that the Market Procedure provides additional guidance and relevant information to participants and is more than simply restating the relevant market rules.

- **Step 2.1.5:** At the AEMO WEM Procedure Change Workshop on 26 June 2017 a participant asked how the relevant participant can be reassured that any costs associated with this step are reasonable. In response to this question AEMO noted that *it is difficult to foresee any actions required and therefore define limits of ‘reasonableness’*. AEMO invited stakeholders to make formal submissions and suggest drafting on this issue.

Alinta considers that this step could be enhanced by the inclusion of proposed clause 2.1.6:

2.1.6 When deciding whether to consult under step 2.1.5 AEMO must act efficiently and should have regard to ensuring that any costs incurred are reasonable and prudent.

- **Steps 3.1.2 and 3.1.3(h):** Alinta considers that these steps are largely the same, and could be rationalised into one step.
- **Steps 3.2.2 and 3.2.3(f):** As above, Alinta considers that these steps are largely the same, and could be rationalised into one step.
- **Step 4.1.1:** Alinta suggests that this step could be redrafted as follows:

A Reserve Capacity progress report allows AEMO to monitor the progress of a new Facility that holds Capacity Credits but is yet to commence operation. It provides Market Participants an opportunity to submit an update to any of the Key Project Dates for their Facility.

- **Step 4.2.1:** Subject to Alinta's comments below, step 4.2 outlines AEMO's requirements in respect of Reserve Capacity Progress Reports. Alinta considers that step 4.2.1 is a requirement for a Market Participant and not a requirement on AEMO. As such, this should be included in step 4.4.
- **Steps 4.2 and 4.4; and steps 4.3 and 4.5:** Alinta notes that the sections regarding Reserve Capacity progress reports have been separated into AEMO and Market Participant sections. Alinta considers that it would be simpler to combine the AEMO and Market Participant sections. This would remove unnecessary duplication (for example steps 4.2.5 and 4.4.3) and allow for an easier understanding of the entire process.
- **Step 4.2.1(a):** This step repeats clause 4.27.10(a) of the Market Rules verbatim. However, Alinta considers that the reference to "confirmed" should be "assigned". Alinta has raised this as a minor/typographical rule issue with the Rule Change Panel.
- **Step 4.2.2:** This step states that AEMO will publish a copy of the Reserve Capacity progress report template on the Market Website.

It would be Alinta's preference that this template be included in this procedure. This means that AEMO is not able to make unilateral amendments to this template which could place additional burden on a participant's reporting requirements without adequate consultation.

While not part of the Procedure Change Proposal, Alinta has reviewed this template and has the following suggestions:

- The template requires a declaration to be provided by an Authorised person and states that, "for the purposes of this procedure an "Authorised" person is a Director or Officer as defined by the Corporations Act 2001".

To ensure that the template is consistent with both the Market Procedure and the Market Rules, Alinta considers that the reference to "Authorised person" should be amended to "Authorised Officer" and the defined term should simply refer to the definition in the Market Rules.

- **Step 4.2.3:** Alinta considers that there could be a situation where a report could be completed accurately, but not every section is filled out. For example, not all project dates will change and therefore the "new date" column would need to be filled out for each key project date. Alinta suggests that this step could be reworded as follows:

On receiving a Reserve Capacity progress report, AEMO must determine if all relevant details and information have been completed

- **Step 4.2.5:** For simplicity and ease of reading, this step could be incorporated into step 4.2.1.

**Please provide an assessment whether the Procedure Change Proposal is consistent with the Market Objectives and the Wholesale Electricity Market Amending Rules.**

Alinta agrees with AEMO's assessment that the steps in the Procedure Change Proposal are drafted in a way that does not change the objectives of the Market Rules. As a result Alinta considers that the Procedure Change Proposal, as a whole, is consistent with the Wholesale Market Objectives.

Noting this, Alinta considers that there are a number of improvements that could be made to the Procedure Change Proposal (as suggested in this submission) that will ensure that the Market Procedure provides additional guidance and relevant information to participants and is more than simply restating the relevant market rules.

Alinta considers that the Procedure Change Proposal, if amended as Alinta suggests, will be drafted in a way that does not change the objectives of the Market Rules and therefore will be consistent with the Wholesale Market Objectives.

**Please indicate if the Procedure Change Proposal will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.**

Alinta does not anticipate any significant costs associated in implementing the Procedure Change Proposal.

**Please indicate the time required for your organisation to implement the changes, should they be accepted as proposed.**

Alinta does not require any time to implement the Procedure Change Proposal.