

# WHOLESALE ELECTRICITY MARKET

## Submission to Procedure Change Proposal

**PC\_2017\_01**

**Determination of Expected DSM Dispatch Quantity and DSM Activation Price**

<b>Submitted by</b>	
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### Submission

Clause 2.10.7 of the Wholesale Electricity Market Amending Rules provides that any person may make a submission for a Procedure Change Proposal by filling in this Procedure Change Submission form.

Submissions relating to AEMO Procedure Change Proposals should be submitted by email to the nominated AEMO 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: Determination of Expected DSM Dispatch Quantity and DSM Activation Price* (**Procedure Change Proposal**).

Alinta considers that the Procedure Change Proposal broadly meets the requirements outlined in clause 4.5.14B of the Wholesale Electricity Market Rules (**Market Rules**) in that it documents the procedure AEMO follows in calculating:

- the Expected DSM Dispatch Quantity; and
- the DSM Activation Price,

Alinta notes that the procedure was not documented by the date specified in clause 4.5.14B of the Market Rules. However, Alinta agrees with AEMO's assessment that the delay has had no operational impact on the market.

Alinta supports AEMO's approach to the Procedure Change Proposal. However, we note that this procedure is associated with the Market Procedure: Undertaking the Long Term Projected Assessment of System Adequacy and Conducting a Review of the Planning Criterion (**LT PASA Procedure**). While AEMO is only required to update the LT PASA Procedure prior to the commencement of amending Market Rules on 1 October 2017, it would have been Alinta's preference to consider this Procedure Change Proposal and an amended LT PASA Procedure together in order to make a fully informed assessment.

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

- **Step 3.2.2:** Alinta notes that the cost and time commitment required to conduct a VCR Study is likely to be substantial. As such, Alinta considers that undertaking a VCR Study should be a very irregular occurrence and only be undertaken where there is clear and absolute evidence that an updated VCR study is required.

Given the likelihood that such a study will be funded by Market Participants, Alinta considers that step 3.2.2 should outline the factors that AEMO will take into account in its annual assessment to determine the need to conduct a VCR Study. Further to this, Alinta considers that there should be an opportunity for Market Participants to provide comment on AEMO's assessment on the need for a VCR Study.

**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.

As noted above, Alinta considers that the Procedure Change Proposal broadly meets the requirements outlined in clause 4.5.14B of the Market Rules, despite not being documented by the date specified.

**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 notes that the cost and time commitment to conduct a VCR Study is likely to be substantial and funded by Market Participants. Therefore a VCR Study should not be undertaken unless there is a clear and absolute need for it. Noting this, if a VCR Study is legitimately required, Alinta expects to incur its share of the market costs associated with such a study.

In terms of the remainder of the procedure (excluding the VCR Study), Alinta does not anticipate any further implications or 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.