

WHOLESALE ELECTRICITY MARKET

Submission to Procedure Change Proposal

AEPC_2020_01

Balancing Market Forecast

Balancing Facility Requirement

Submitted by	
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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

The Rule Change Panel notes that the Procedure Change Proposal:

- states that the proposed changes are consistent with the Wholesale Market Objectives but does not provide a rationale for this assessment;
- does not address the cost and practicality of the proposed changes; and
- does not provide any information about the magnitude of the issue described or how the proposed changes will address this issue (i.e. how often the new tie-break rules are expected to come into effect, how many MW quantities are expected to be bid at the Minimum STEM Price, and how many of these expected MW quantities are expected to fall into the newly proposed Energy Category).

The Rule Change Panel acknowledges that the Market Rules require that a Market Procedure must be consistent with the Wholesale Market Objectives and the Market Rules, but in assessing a Procedure Change Proposal, do not require AEMO to:

- show that the amended Market Procedure will better meet the Wholesale Market Objectives than the current Market Procedure; or
- assess the cost and practicality of implementing the amended Market Procedure.

Nevertheless, the Rule Change Panel considers that, where AEMO seeks to change a Market Procedure beyond reflecting changes to the Market Rules, AEMO should apply the same criteria for its decision as the Rule Change Panel would apply for a decision on a Rule Change Proposal.

Therefore, the Rule Change Panel seeks clarification from AEMO on:

- how the proposed changes better meet the Wholesale Market Objectives;
- whether the cost and practicality of implementing the proposed changes warrant progression of the Procedure Change Proposal, and in particular considering:
 - the priorities of Government, including the Energy Transformation Strategy (**ETS**) and the limited time that the revised tie-break rules would be in place before the ETS reforms are implemented;
 - the priorities of the market, including the progression and implementation of Rule Change Proposals under consideration by the Rule Change Panel;
 - the costs, systems and process changes that all Rule Participants would need to make to implement the proposal; and
 - the expected impact of the changes facilitated by the proposal (i.e. how often the new tie-break rules are expected to come into effect, how many MW quantities are expected to be bid at the Minimum STEM Price, and how many of these expected MW quantities are expected to fall into the newly proposed Energy Category).

The Rule Change Panel encourages AEMO to consider the answers to these questions when making its final decision on the Procedure Change Proposal and to consult with Market Participants on the answers to these questions before making its final decision.

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

It appears to the Rule Change Panel that one aspect of the proposed changes is inconsistent with the Wholesale Market Objectives. In particular, this is in relation to objective (c), which is:

to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions

The Rule Change Panel encourages AEMO to consider a more fulsome assessment of AEPC_2020_01 against the Wholesale Market Objectives and to consult with Market Participants regarding this assessment before it approves any procedure changes. In particular, AEMO should consult on its assessment of how its proposal meets objective (c) given that the proposed procedure change will prioritise dispatch of Facilities that have a minimum generation quantity over Facilities that do not have a minimum generation quantity.

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.

Not applicable.

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

Not applicable.