

WHOLESALE ELECTRICITY MARKET

Submission to Procedure Change Proposal

AEPC_2020_02 Certification of Reserve Capacity

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

Synergy welcomes the opportunity to provide feedback to the Call for Submissions: Market Procedure: Certification of Reserve Capacity (Procedure) (**AEPC_2020_02**).

The changes proposed by the Australian Electricity Market Operator (AEMO) seek to clarify the process for applying for Certified Reserve Capacity including aspects related to application timeframes, AEMO's obligations to check information provided by a Market Participant and minimum fuel requirements.

Although largely supportive of these amendments, Synergy wishes to raise the following considerations for AEMO's review.

Step 3.1.1:

Step 3.1.11 introduces a new request for temperature dependence data of an Intermittent Generator's "capacity, where available, including any restrictions on Facility output at certain ambient temperatures". Although this information can be provided if available, it is unclear as to how and whether AEMO intends to apply this information as part of the certification process.

Further, as this information 'may' be provided, this could result in inconsistent assessments between Market Participants who do and do not provide this information. Synergy therefore requests clarification as to the purpose and usage of this information.

Step 3.1.8(a):

Step 3.1.8(a) of the Procedure states that "supporting documentation must (where applicable) relate to the Facility and cover the entire relevant Capacity Year".

Synergy notes that where a facility is scheduled to retire during the relevant Capacity Year, supporting documentation should only be required up to the point in which the Facility is retired.

Step 4.2.6:

Although no further supporting documentation should be accepted post the deadlines specified in steps 3.1.2, 3.1.3 or 3.1.4 of the Procedure, Synergy suggests that this should not preclude Market Participants from providing clarification on items or addressing manifest errors during AEMO's assessment period which may occur post these timeframes.

Step 5.1.4, 5.1.5 & 5.5.1:

As currently drafted, steps 5.1.4 and 5.1.5 of the Procedure inhibit Market Participants from certifying a Facility for anything lower than the output of the Facility at 41°C using the temperature dependence information submitted under clause 4.10.1(e)(i) of the Wholesale Electricity Market (WEM Rules).

This poses unnecessary restrictions on Market Participants who benefit greater from being certified for a lower value. Synergy encourages AEMO to include the Market Participant's requested level of capacity as an additional factor in the determination of step 5.5.1 of the Procedure.

Step 5.3.4:

Synergy is of the view that the tightening of gas transport definitions appears unnecessary and costly to the Market.

Market Participants are already required to demonstrate sufficient capacity to generate during the 14 hour Peak Trading Interval in accordance with clause 4.11.1(a) of the WEM Rules. This is despite the shifting load shape caused by increasing renewable penetration making this requirement obsolete. It appears unnecessary to propose additional stringent fuel obligations which further exposes Market Participants to the unwarranted risk of losing Capacity Credits if they are unable to satisfy this criterion.

The introduction of an explicit threshold of '90% firm' fuel and transport arrangements is also not supported by any WEM Rule. Synergy considers it more equitable for the proposal of an explicit threshold to be first approved via the Standard Rule Change Process described in section 2.7 of the WEM Rules prior to being defined in a Market Procedure.

Synergy therefore recommends the removal of step 5.3.4 of the Procedure.

Administrative improvements:

In addition to the concerns outlined above, Synergy suggests the following minor revisions to improve consistency and readability.

- a) **Step 2.1.1:** As clause 4.1.32 of the WEM Rules is [blank], Synergy recommends that reference be made to clause 4.1.1c instead. Further, minor changes are recommended to remove superfluous wording.

This notice must include advice of when the modified or extended date or time takes effect for the purposes of the WEM Rules [clause 4.1.32 4.1.1c]

- b) **Step 3.2.1(a):** For consistency with changes to step 3.1.4 of the Procedure, Synergy suggests the following amendment.

Relate to a single future Reserve Capacity Cycle and AEMO must not accept more than one application per Facility per calendar year [clause 4.28C.3]

- c) **Step 4.5.1:** For consistency with clause 4.10A.1 of the WEM Rules, Synergy suggests that this step be subject to step 4.5.6 as opposed to step 4.5.3 of the Procedure.

- d) **Reference to the WEM rules:** Additional references to the WEM Rules may be included for consistency.

- a. Step 5.2.2(a):*clause 4.1.12(b) of the WEM Rules;*
- b. Step 5.2.2(b): ...*clause 4.10.1(bA)(iii) of the WEM Rules;* and
- c. Step 6.2.1: ...*clause 4.10.1(bA)(ii) of the WEM Rules.*

- e) **Step 7.1.3:** For consistency with clause 4.11.4 of the WEM Rules, Synergy recommends that this step should be made subject to either step 4.7.1 of the Procedure or clause 4.11.12 of the WEM Rules.

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

Synergy considers that the removal of step 5.3.4 of the Procedure will allow for consistency with the WEM Rules as well as better facilitate Market Objectives (b) in removing barriers of entry for new entrants who may find difficulty in attaining 90% fuel arrangements, (c) in avoiding discrimination across different technologies and (d) in minimising long-term costs of electricity supply by reducing the risk of over-procurement of fuel arrangements at the cost of the market.

The remaining draft amendments are in line with the WEM Rules and therefore consistent with the 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.

The draft amendments do not pose any material impacts to Synergy IT, business systems or costs.

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

Synergy understands that AEMO has indicated a commencement date of 1 May 2020 which coincides with the commencement of the application timeframe for the 1 October 2022 to 1 October 2023 Reserve Capacity Cycle.

No issues are foreseen in meeting this timeframe.