

WHOLESALE ELECTRICITY MARKET

Submission to Procedure Change Proposal

AEPC_2020_05

Market Procedure: Reserve Capacity Security

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

Alinta Energy appreciates the opportunity to provide feedback on the proposed changes to the Reserve Capacity Security Market Procedure.

Alinta Energy raises the following issues and suggested solutions for the AEMO's further consideration.

Table 2

Alinta Energy considers that by not referring to Due Dates explicitly and instead requiring the reader to cross reference the Due Dates in Table 2, the proposed changes undermine the procedure's readability. Especially where Table 2 requires the reader to make a second cross-reference in the WEM Rules. To avoid cross-referencing and improve readability, Alinta Energy suggests that the amendment express each Due Date explicitly.

Step 1.2 – definition of “Significant Maintenance”

Alinta Energy notes that the proposed definition of “Significant Maintenance” is broad, including “circumstances where, in AEMO’s reasonable view, major repairs or reconstruction are required; and any other maintenance deemed significant by AEMO in its sole discretion.”

Alinta Energy considers that this broad definition may lead market participants to perceive a risk of being required to provide a security and therefore an additional cost in conducting maintenance on their facilities, even where their planned maintenance would not normally be considered “Significant.” Alinta Energy is concerned that this could have the perverse impact of generators not undertaking preventative and/or corrective maintenance, which may lead to higher forced outages (and therefore unreliability) in the future.

For this reason Alinta Energy suggests that AEMO further clarify the definition “Significant Maintenance” (as it applies to the Reserve Capacity Security requirements) and allow participants to agree on this definition via a further round of submissions as part of the Procedure Change Process.

Step 7.1.1

Proposed step 7.1.1 would allow AEMO to draw on a participant’s Reserve Capacity Security where a participant fails to satisfy the requirements in 5.1.4. However, 5.1.4 does not reflect the requirements a participant must meet to have its security returned under the WEM Rules. 5.1.5 contains these requirements, while 5.1.4 outlines the AEMO’s obligations after a participant applies for the release of their security. To rectify this Alinta Energy suggests that proposed step 7.1.1 is amended to refer to the requirements in 5.1.5.