

Wholesale Electricity Market Rule Change Proposal Submission

RC_2018_03

Capacity Credit Allocation Methodology for Intermittent Generators

Submitted by

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Submissions on Rule Change Proposals can be sent by:

Email to: rcp.secretariat@rcpwa.com.au

Post to: Rule Change Panel
Attn: Executive Officer
C/o Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

1. Please provide your views on the proposal, including any objections or suggested revisions.

The Public Utilities Office welcomes the opportunity to provide a response to this Rule Change Proposal relating to replacement of the use of peak Load for Scheduled Generation trading intervals in the Relevant Level Methodology, with that of actual system peak Trading Intervals.

The Public Utilities Office supports the proposal as it will provide for improved alignment of capacity certification for Intermittent Generators with their likely generation output during peak demand periods.

The Public Utilities Office is currently undertaking a review on improvements to capacity pricing arrangements of the Reserve Capacity Mechanism to ensure electricity consumers do not pay more than necessary for sufficient capacity to meet system reliability requirements. A critical aspect of meeting system reliability requirements is ensuring that the capacity certification process correctly assesses generator output during the periods when the electricity system is subject to the highest level of demand.

Reliability of the South West Interconnected System is placed under most stress during peak demand periods as capacity becomes scarce.

2. Please provide an assessment whether the change will better facilitate the achievement of the Wholesale Market Objectives.

The Public Utilities Office considers that the Rule Change Proposal will better facilitate achievement of the following Wholesale Market Objectives:

- (a) promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the SWIS;
- (b) encourage competition among generators and retailers in the SWIS, including by facilitating efficient entry of new competitors;
- (c) 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; and
- (d) to minimise the long-term cost of electricity supplied to customers from the SWIS

This will be achieved through an improved recognition of the contribution made by Non-Scheduled Generators towards system reliability as part of the capacity certification process. The change will also remove a potential disincentive to market entry by renewable energy generators.

3. Please indicate if the proposed change 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 Minister for Energy has announced a number of electricity sector reform initiatives, including the implementation of a constrained network access model for Western Power's network and potential improvements to reserve capacity pricing arrangements. The Public Utilities Office does not consider that the Rule Change Proposal will have any material implications for these reform initiatives.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

Not applicable.