

Our ref: EDM 61572874
Contact: Mark McKinnon (0437 050 744)

28 September 2022

Dora Guzeleva
Director Wholesale Markets
Energy Policy WA
Level 1, 66 St Georges Terrace
PERTH WA 6000

Dear Ms Guzeleva,

Western Power's Submission in response to the Reserve Capacity Mechanism Review Stage 1 Consultation Paper

Western Power welcomes the opportunity to respond to Energy Policy Western Australia on the Reserve Capacity Mechanism (RCM) Review Stage 1 Consultation Paper (the paper). We understand Stage 1 is focused on the definition of reliability and the characteristics of the capacity needed in future years, including the Planning Criterion, the Benchmark Reserve Capacity Price and the methods for assigning Certified Reserve Capacity.

The proposed changes will impact Western Power as the Network Operator to a lesser degree, in comparison to Market Participants. Western Power supports an efficient and effective reserve capacity mechanism that aligns with decarbonisation of the electricity sector to benefit our customers.

Western Power is generally supportive of the proposed changes and makes the the following comments surrounding the conceptual design proposals and rationales in Table 1 of the paper:

Conceptual Design Proposal 2

System minimum demand was identified as a source of system stress (Figure 1: Sources of System Stress), with modelling indicating that the low demand period in the middle of the day will continue to deepen. The RCM Review determined not to include a specific minimum demand RCM product on the basis that *"facilities capable of helping to manage minimum demand are unlikely to require large capital expenditure with multi-year lead times and other mechanisms to manage minimum demand will be more effective than designing a bespoke capacity product in the RCM"*.

Western Power supports the recommendation that the RCM not create detriments to managing minimum demand and that the progress on low load actions be monitored throughout the remainder of the RCM review. The RCM mechanism needs to ensure that a sufficient combination of generators is available during a low load event and with technical capabilities to complement other approaches developed to manage increasingly lower minimum demands, such as through the DER Roadmap.



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In particular, Western Power expects a generator's minimum stable operating limit and ability to regulate voltage to become increasingly important, particularly during low demand periods. Ensuring sufficient and appropriate generation is available whilst keeping the power system secure is preferable to relying on emergency measures.

Conceptual Design Proposal 3

Western Power supports a new capacity product with flexibility to start, ramp-up and down, and stop quickly. We support this new capacity coming from low emission sources and technology.

Conceptual Design Proposal 11

The proposed design of the RCM reference technology is based on a facility located in the least congested part of the network. On the assumption there are a number of network locations that are similarly uncongested, we seek clarity as to whether the reference facility location needs to be the 'least congested part of the network' or any suitable 'uncongested part of the network'. The former could result in unnecessary analysis to determine which part of the network is 'least congested'.

Western Power looks forward to continuing the collaboration on the forthcoming Stages 2 and 3 of the RCM review.

Western Power acknowledges that the RCM review has incorporated both system reliability and economic modelling. We have not reviewed the modelling or the assumptions and have no reason to doubt its adequacy.

Should you have any queries regarding this letter, please do not hesitate to contact Mark McKinnon on 0437 050 744.

Yours sincerely,

Zahra Jabiri

Head of Regulation and Investment Assurance