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21 March 2023

Ms Dora Guzeleva
Director Wholesale Markets
Energy Policy WA
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Dear Ms Guzeleva,

Review of Supplementary Reserve Capacity Provisions

Thank you for the opportunity to respond to Energy Policy WA's Stage 1 Consultation Paper, *Review of Supplementary Reserve Capacity Provisions* (the Consultation Paper), published on 7 March 2023.

The Australian Energy Market Operator (AEMO) has engaged substantially with Energy Policy WA as part of Stage 1 of the Supplementary Reserve Capacity (SRC) Review. As part of this engagement, AEMO has provided a range of data to support the Coordinator of Energy in undertaking the SRC Review. AEMO notes that its input has been captured at various points in the Consultation Paper released by Energy Policy WA.

AEMO is broadly supportive of the proposals put forward in the Consultation Paper, which intend to improve processes and information flows, and clarify roles and responsibilities as they relate to the procurement of SRC under the Wholesale Electricity Market Rules (WEM Rules) and the relevant WEM Procedure.

AEMO would like to provide specific feedback on Proposal 7, in which "*EPWA proposes to amend the WEM Rules to require that the length of the notice period for activation of Eligible Services is, to the extent practicable, aligned with the length of the notice period for activation for equivalent type of services under the WEM Rules (e.g. Demand Side Programmes).*"

Regarding this aspect of the proposal, AEMO considers that the use of the phrase 'equivalent services under the WEM Rules' creates uncertainty and may be difficult to apply in practice, as it may not be clear which services under the WEM Rules are deemed to be equivalent to each of the types of Eligible Services in clause 4.24.3. Further, reducing the notification time for load reduction SRC measures to align with Demand Side Programme notification (assuming they are deemed to be equivalent) may reduce SRC deployment by ruling out potential SRC providers that are unable to implement load reduction measures with a 2-hour notification time.

AEMO acknowledges Energy Policy WA's concerns that a 9-hour notification period may result in sub-optimal outcomes with regards to procurement and deployment of SRC. AEMO's preference is to remove reference to 'equivalent types of services' and work with Energy Policy WA on determining an appropriate notification time for SRC Eligible Services that balances these issues, with input from industry.

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There is a high likelihood that SRC will be required again in the near-term, and as such, AEMO welcomes further discussion on the above matters and looks forward to engaging with Energy Policy WA on the implementation of measures to support SRC procurement for future Hot Seasons. Should you have any queries about this submission, please contact Mena Gilchrist, Manager Regulatory Affairs at mena.gilchrist@aemo.com.au.

Yours sincerely,

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Martin Maticka

Group Manager – WA Market Development