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7 March 2023

Ms Dora Guzeleva  
Director Wholesale Markets  
Energy Policy WA  
Via email: [energymarkets@dmirs.wa.gov.au](mailto:energymarkets@dmirs.wa.gov.au)

Dear Ms Guzeleva,

### **Market Power Mitigation WEM Amending Rules - Exposure Draft #2**

The Australian Energy Market Operator (AEMO) welcomes the opportunity to provide this submission in response to Exposure Draft #2 of the Market Power Mitigation WEM Amending Rules, published on 21 February 2023.

AEMO generally supports the proposals made in the Exposure Draft #2 but notes that it is unable to implement different price ceilings for each Frequency Co-optimised Essential System Services (FCESS) by 1 October 2023. AEMO's dispatch engine (WEMDE) has been developed with a single price ceiling for all FCESS and AEMO will require additional changes to refactor the system to implement multiple FCESS price ceilings. While this change is technically possible to implement, it cannot be accommodated for 1 October 2023 without significant risk to the delivery of the program and commencement of the new market arrangements. AEMO believes it can make the necessary changes to implement this functionality for a 1 March 2024 commencement.

AEMO notes that the current drafting relating to the FCESS price ceilings could be gazetted without substantial change, provided the same price is set for each Essential System Service price ceiling. This will likely require an addition to section 1.60 to require the Economic Regulation Authority to set a single FCESS Offer Price Ceiling for all of the relevant FCESS for the period from 1 October 2023 to at least 1 March 2024. AEMO expects it will be able to implement all other clauses in the exposure draft by 1 October 2023.

Should you wish to discuss any of the matters raised in this submission, please contact Mena Gilchrist at [Mena.Gilchrist@aemo.com.au](mailto:Mena.Gilchrist@aemo.com.au).

Yours sincerely,

DocuSigned by:

Martin Maticka 8744C...

**Group Manager – WA Market Development**

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