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21 June 2023

Ms Dora Guzeleva
Director Wholesale Markets
Energy Policy WA
energymarkets@dmirs.wa.gov.au

Dear Ms Guzeleva,

Review of Supplementary Reserve Capacity Provisions

Thank you for the opportunity to respond to Energy Policy WA's Stage 2 Consultation Paper, *Review of Supplementary Reserve Capacity Provisions* (the Consultation Paper), published on 7 June 2023.

The Australian Energy Market Operator (AEMO) has engaged substantially with Energy Policy WA and has provided a range of data to support the Coordinator of Energy in undertaking the Supplementary Reserve Capacity (SRC) Review. AEMO notes that its input has been captured at various points in the Consultation Paper.

AEMO broadly supports the proposals put forward, which intend to improve processes around verifying, activating and measurement of Eligible Services under the Wholesale Electricity Market Rules (WEM Rules) and the relevant WEM Procedure.

While AEMO supports the proposal to amend clause 4.24.18, it requests that consideration be given to deferring the commencement of amendments to this clause until after the 2023-24 Hot Season. AEMO considers that immediate commencement could create complexities in the event that it calls for SRC tenders in parallel with undertaking amendments to the relevant WEM Procedure. Delayed commencement of clause 4.24.18 would also allow AEMO to focus its resources in the lead up to the New WEM Commencement Date.

AEMO notes that the amended wording of clause 4.24.18(c) results in an inconsistency with the phrasing used in the associated clause 4.24.18B, which still uses 'those applying to provide Eligible Services'. Energy Policy WA may consider updating clause 4.24.18B to apply consistent wording regarding those requesting assistance or an assessment from Western Power.

AEMO expects it will need to procure SRC again in the near term and looks forward to engaging with Energy Policy WA on implementing measures to support the successful deployment of SRC for future Hot Seasons. Reflecting on the tight operational conditions AEMO and market participants managed during spring 2022 and in recent weeks, AEMO also considers there is a need for additional reserves to be available outside of the Hot Season, via an expanded SRC or an alternative mechanism, as an additional safeguard to maintaining the security and reliability of the South West Interconnected System in adverse weather and supply

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conditions. AEMO would welcome the opportunity to continue to explore this issue with Energy Policy WA and our stakeholders at a future stage.

AEMO acknowledges and appreciates Energy Policy WA's engagement and consultation throughout both Stages of the review. Should you have any queries about this submission, please contact Mena Gilchrist, Manager – WA Regulatory Affairs, at mena.gilchrist@aemo.com.au.

Yours sincerely,

DocuSigned by:

Martin Maticka

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Martin Maticka

Group Manager – WA Market Development