



30 November 2023

Energy Policy Western Australia

Transmission via email: energymarkets@dmirs.wa.gov.au

BRCP Reference Technology

Alinta Energy appreciates the opportunity to provide feedback on the BRCP Reference Technology Review Consultation Paper.

We raise the following points on each proposal, for EPWA's consideration.

Proposal A

The BRCP reference technology type for both the Peak and Flex Services is a 200MW/800MWh lithium BESS connected at 330 kV.

Alinta Energy supports the principles that EPWA used as the basis for selecting the reference technology for the flex and peak capacity product BRCP determinations. These are that the reference technology should:

- provide efficient investment signals to ensure system security and reliability; and
- ensure that customers don't overpay for the desired system security and reliability by selecting the most efficient new entry technology.

We consider that to be consistent with these principles, the reference technology should be the most efficient technology capable of meeting the Availability Duration Gap which AEMO would be required to determine under the [Draft RCM Amending Rules](#).

While we recognise EPWA's analysis indicating that 4 hours is sufficient, we have some doubt about whether a 4-hour battery will remain an appropriate choice in the near future. For example, if AEMO finds that the Availability Duration Gap is longer, a longer duration storage technology or flexible gas facility (like a reciprocating engine) may be a more appropriate choice.¹ Alternatively, a saturation of storage in the WEM may also precipitate a need for generation, making flexible gas a more suitable reference technology.

The SWISDA supports this as it indicates a need for new flexible gas from 2031, 8-hour storage from 2026 and long duration storage from 2030 to maintain security and reliability.² Selecting a 4-hour battery as the reference technology risks undermining investment signals for these other types of capacity.

Additionally, we note that the ERA has stated that the "benchmark facility reflects a new entrant facility entering the market that is expected to clear the hypothetical auction for the

¹ An Explanatory note in EPWA's draft RCM amending rules noted that: "These rules envisage the number of intervals [in the Availability Duration Gap] ratcheting up over time."

² EPWA, [SWIS Demand Assessment 2023 to 2042](#), Figure 3, p5.

Alinta Sales Pty Ltd ABN 92 089 531 984

PO Box 8348, Perth BC, WA 6849

T +61 8 9486 3170 **F** +61 8 9266 4688 **W** alintaenergy.com.au

procurement of capacity to meet the target level of capacity required.”³ The results of the SWISDA indicate that these other, longer duration storage facilities, or flexible gas facilities will soon be clearing the hypothetical auction for capacity.

If EPWA considers that a 4-hour lithium battery remains an appropriate reference technology, we recommend that the rules retain appropriate flexibility for the technology be changed should the need for longer duration/ generating capacity become evident within a review period – for example due to AEMO finding that the Availability Duration Gap exceeds four hours.

Proposal B:

The BRCP reference technology should be reviewed every 3 years.

Alinta Energy considers that the current review period of 5 years would be appropriate provided the rules allowed flexibility for the reference technology to be updated sooner should the need arise. For example, where AEMO determines that the Availability Duration Gap is longer than four hours or it is evident that a different technology type is clearing the hypothetical auction for capacity.

Proposal C:

Retain a gross Cost Of New Entry approach to BRCP determination.

Alinta Energy supports the proposal to retain a gross Cost Of New Entry approach to BRCP determination.

As noted in our submission on the first RCM Review consultation paper, we consider that a net CONE approach would:

- introduce significant complexity for negligible benefit, and
- undermine investment certainty, noting the difficulty of forecasting the energy and ESS revenues a storage facility may derive from the WEM to adjust the BRCP (especially as intermittent generation and storage capacity continue to increase).

Consistent with these views, we agree with EPWA's findings that:

- a net CONE approach would be highly sensitive to input assumptions, such as cost changes, other new build, retirements, renewables output, fuel prices, etc.
- Consensus will be difficult to achieve.
- Resulting uncertainty may deter investment, undermining cost savings and reliability.

Other comments

We disagree with some of the input assumptions used in determining the cost of the lithium 4-hour battery but look forward to working with the BRCP working group to reach a consensus on these parameters.

³ ERA, [Triennial Review of the Effectiveness of the Wholesale Electricity Market 2022](#), p.21.

Thank you for your consideration of our submission. If you would like to discuss further, please contact me at oscar.carlberg@alintaenergy.com.au or on 0409 501 570.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Oscar Carlberg', written in a cursive style.

Oscar Carlberg
Wholesale Regulation Manager
Alinta Energy