

# Community Electricity

## Submission in Response to ERA Public Consultation

### Determination of the Ancillary Service Margin\_Peak and Margin\_Off-Peak parameters

#### Standing

Community Electricity (“Community”) is a member of the IMO’s Market Advisory Committee (MAC) and the ERA’s Technical Rules Committee.

Community has no commercial interest in the Authority’s determination.

#### Assessment

Community notes that the proposed Availability Cost of \$7.22 million represents an average cost across the system load of less than 0.05c/kWh and there is debate as to whether this figure should be fine-tuned to reflect the sensitivity of the Balancing Price to the energy quantities associated with provision of the Spinning Reserve service. We further note that during the public consultation process associated with the 2011-12 pricing, concerns were raised regarding the possibility that the formula overcompensated the monopoly service provider, which led to the ERA recommending that the IMO review the process. The IMO partially reviewed the process during the 2012-13 review and no further concerns were expressed during the associated public consultation. Following continued advice from the ERA, the IMO has more fully reviewed the process in the current review, including consulting privately with System Management and with 8 large Market Generators. While the IMO has incorporated stakeholder advice into the input assumptions, it has otherwise retained the existing method.

On this basis, Community supports the proposed pricing as being fit for purpose and in accordance with the Market Objectives. In the absence of material objections from other stakeholders, we perceive little merit into further finessing the process.

#### Contact

For further information or comment, please contact:

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