

Wholesale Electricity Market Rule Change Proposal Submission

RC_2014_06

Removal of Resource Plans and Dispatchable Loads

Submitted by

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Submissions on Rule Change Proposals can be sent by:

Email to: rcp.secretariat@rcpwa.com.au

Post to: Rule Change Panel
Attn: Executive Officer
C/o Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

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- Please provide your views on the proposal, including any objections or suggested revisions.**

Synergy appreciates the opportunity to provide feedback to the Rule Change Panel (RCP) on the RC_2014_06 Removal of Resource Plans and Dispatchable Loads.

General Comments

Synergy notes that the Rule Change Panel's (**RCP**) report accompanying its call for further submissions does not address the removal of Dispatchable Loads from the Wholesale Electricity Market (**WEM**) Rules. Synergy considers that the Rule Change Proposal (in its modified form) does not adequately address the potential economic efficiency gains that could be achieved if the WEM rules maintained the concept of "Dispatchable Loads".

Synergy considers that, since the original Rule Change Proposal was published in 2014, the composition and dynamics of the WEM have drastically changed.

Importantly:

- a. There have been significant increases in the penetration of renewable generation (and forecasts for even greater penetration in the next few years).
- b. Additionally, other Australian jurisdictions have started to install large scale battery storage (e.g. the Tesla battery in South Australia).
- c. Therefore, in Synergy's view, in addition to assessing the previous Rule Change Proposal against the changes that have subsequently occurred to the WEM Rules, the report accompanying the call for further submissions should also address the basis for the proposed changes in the first place, and consider whether there are any arguments that undermine the original reasoning for those proposed changes (e.g. changed market dynamics and composition).

Synergy considers that the RCP must address the potential detrimental effect on economic efficiency the proposed removal of Dispatchable Loads may have in light of the changed composition and dynamics of the WEM.

Timing of STEM and Balancing Market Windows

RCP requested Market Participants' feedback on the alternative timelines for the STEM and Balancing Market windows.

Synergy is of a view that the proposed alternative timing for the STEM and Balancing Market windows will work well and implementation of 12:30pm Balancing Horizon commencement to futureproof timeline for NEMDE seems prudent. In this case Synergy believes that STEM/STEM publishing windows should be as follows:

- STEM Submissions from 9:00am -10:20am, and
- Auction Results between 10:30am -11:00am.

This strikes a balance between extra time for STEM (+30m or 1h20m total) and minimum time available to do initial Balancing/LFAS submission (1.5hrs). This also supports the market objectives of promotion of the economically efficient, safe and reliable production and supply of electricity and encourages competition.

Following the range of views expressed by various Market Participants at the MAC Meeting of 13/12/2017 Synergy believes that further industry consultation should occur to discuss the decision of the NEMDE implementation and its potential implications on the existing systems.

Delay of STEM and Repetition of Scheduling Day Steps

RCP requested Market Participants' feedback on the delay of STEM and Repetition of Scheduling Day Steps.

Synergy is overall in support of AEMO's ability to delay STEM for ancillary service and re-run scheduling steps to support market efficiency, however, we believe that there should be a criteria set up regarding the reasons for AEMO to repeat those steps or delay STEM. Also, there should be restrictions placed on AEMO on how long they can delay publication of STEM auction results too to avoid market inefficiencies.

In regards to minimum time between publication of STEM Results and Balancing Horizon, Synergy's preference is to retain 1.5 hours. If a shorter timeframe is adopted, Synergy believes that we should be relieved of our obligation to make a submission 'just prior' to opening of the Balancing Horizon. Also, AEMO could still potentially publish a BMO at 12:30pm based on standing submission but advise the participant that it may be based on incomplete data.

Synergy supports Wendy Ng's view that AEMO should be obligated to notify Market Participants if they intend to repeat any steps of the Scheduling Day or delaying the STEM timeline. Requiring AEMO to notify Market Participants will decrease the likelihood of errors occurring, which in turn will increase the likelihood that market outcomes will be economically efficient.
