

Wholesale Electricity Market Rule Change Proposal Submission

RC_2018_03 Capacity Credit Allocation Methodology for Intermittent Generators

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

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

Perth Energy understands Collgar Wind Farm's concerns relating to the Relevant Level Methodology, and its preference for a direct link between the requirement for capacity to meet system peak periods and the ability of Intermittent Generators to make capacity available during those peak periods.

However, we do not consider now is the appropriate time to administer a Rule Change to address this issue. The WEM Rules require the ERA to undertake a review of the Relevant Level Methodology by 1 April 2019.¹ On Friday 13th April 2018, at a stakeholder forum, the ERA confirmed it has commenced this review. The ERA's review is likely to result in changes to the Relevant Level Methodology that could render any Rule Change made within the next few months obsolete.

Further, the Public Utilities Office (PUO) is currently undertaking a wide-ranging review of the Reserve Capacity Mechanism, which looks at improving reserve capacity pricing signals, and the allocation of capacity credits. The PUO's current reform package proposes, amongst

¹ WEM Rule 1.17.5(d)

other things, to; develop advice for the Minister for Energy on improving reserve capacity pricing arrangements in the Wholesale Electricity Market. This advice will examine the suitability of implementing an auction to determine capacity pricing, as well as other appropriate alternative pricing arrangements.²

The Relevant Level Methodology and other issues associated with the Reserve Capacity Mechanisms will likely be considered as part of the PUO's review and any Rule Change made during this review may be superseded.

Perth Energy therefore considers it would not be prudent to pursue Collgar Wind Farm's proposed Rule Change RC_2018_03 at this time.

2. Please provide an assessment whether the change will better facilitate the achievement of the Wholesale Market Objectives.

Perth Energy does not have sufficient information at this time to determine whether this WEM Rule change would better achieve the Wholesale Market Objectives.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

Any change to the allocation of capacity credits is likely to have an impact on all Market Generators, however, Perth Energy does not have sufficient information at this time to be able to forecast the potential impact of the proposed WEM Rule Change.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

Not applicable.

² <https://www.treasury.wa.gov.au/Public-Utilities-Office/Open-consultations-reviews/Improving-Reserve-Capacity-pricing-signals/>