



Notice

9 February 2021

Determination of margin values and Cost_LR parameters for 2021/22

Invitation for public submissions

The Wholesale Electricity Market Rules require the Economic Regulation Authority to determine the parameters used to compensate Synergy for providing three ancillary services that are used to maintain system security and to restore the electricity system in the event of a blackout.

AEMO proposes revised parameters for the ERA to consider. These are the margin values that are used to compensate Synergy for providing the spinning reserve ancillary service and the parameters used to compensate Synergy for providing load rejection reserve services (the L component of Cost_LR) and generators providing a system restart services (the R component of Cost_LR).

The ERA is required to determine the margin values and Cost_LR parameters to apply in 2021/22 by 31 March 2021. The ERA must undertake public consultation on AEMO's proposal and take feedback into account when determining the values.

In June 2020, AEMO wrote to the ERA proposing to roll the 2019/20 values for spinning reserve and load rejection reserve over to the 2021/22 period. The ERA reviewed AEMO's proposal and conducted its own modelling and investigation of spinning reserve and load rejection reserve requirements and costs over 2021/22.

Overall, the ERA's estimated cost of the two services, at around \$9 million, is comparable to that approved in 2020/21. However, the ERA's initial modelling shows the cost of providing spinning reserve falling from \$8.4 million in 2020/21 to \$80,000 in 2021/22 and the cost of providing load rejection reserve rising from \$1.2 million in 2020/21 to \$8.6 million for 2021/22.

Invitation for submissions

The ERA invites interested parties to make submissions on the 'Spinning reserve, load rejection reserve and system restart costs: Margin values and Cost_LR ancillary services parameters for 2021/22' issues paper, available on the [ERA's website](#).

Submissions close 4:00 pm (WST) Tuesday, 23 March 2021.

Submissions should be lodged online using the form on our website www.erawa.com.au/consultation.



Notice

Further information

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