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## **PROCEDURE CHANGE PROPOSAL: BENCHMARK RESERVE CAPACITY PRICE**

Alinta Energy appreciates the opportunity to provide feedback on proposed changes to the BRCP Procedure which aim to appropriately calculate the fixed costs incurred in developing and operating a 200MW, 800MWh battery – the recently revised Benchmark Capacity Provider.

We provide the following feedback for the ERA's consideration.

1) Updates to the BRCP will lag changes to the ESR Duration Requirement.

Under the WEM Rules, ERA is required to determine the BRCP prior to the Expression of Interest under 4.1.4. This occurs prior to the publication of the ESOO where AEMO is required to determine the ESR Duration Requirement for Year 3 of the same Capacity Cycle (under 4.5.12). Further, ERA is only required to update the BRCP Procedure within a year of a change to the Benchmark Capacity Provider by the Energy Coordinator (4.16.9), which can be up to six months following a change to the ESR Duration Requirement (4.16.11). This means RCP would undercompensate new storage Facilities following an increase to the ESR Duration Requirement: their accreditation would be based on the higher ESR duration requirement, but the assumed capital cost in the BRCP would be based on a shorter duration battery. We note that this issue may be best addressed through changes to the WEM Rules. However, we ask ERA to consider alternative solutions, such as not specifying the capacity of the battery in the WEM Procedure and allowing it to be set as part of ERA's annual determination. We consider this may help to reduce the potential lag between the BRCP and ESR Duration Requirement. AEMO's most recent forecasting indicated that the ESR duration requirement may increase as the second EUE limb of the planning criterion was forecast to set the RCT from the 2029/30 Capacity Year onwards.

2) Further guidance on battery offer construction would support the degradation impacts being appropriately recovered in RTM offers, rather than through the BRCP.

We note ERA's view that the costs of ameliorating degradation should be recovered in RTM offers, rather than the BRCP. To support compliant RTM offers, we suggest that examples be provided outlining how these costs could be incorporated compliantly.

Thank you for your consideration of our submission. If you would like to discuss further, please contact me at [REDACTED] or on [REDACTED].

Yours sincerely



