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Economic Regulation Authority
Level 4, Albert Facey House
469 Wellington Street
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Submitted via online submission form

Limit Advice and Constraint Equations Review 2025

Thank you for the opportunity to provide feedback regarding the Limit Advice and Constraint Equations (**LACE**) Review 2025.

Under the Electricity System Market (**ESM**) Rules at 2.27C, the Economic Regulation Authority (**ERA**) must review the effectiveness of limit advice and constraint equations developed by Western Power and the AEMO, respectively. The ERA has made seven recommendations for improvement to Western Power's and the AEMO's processes in developing limit advice and constraint equations. Synergy provides feedback regarding each recommendation below:

Recommendation 1: Improving Market Procedures

The ERA has recommended that public procedures can be improved to provide more information to assist less technical stakeholders, and more educational information for potential new entrants. The ERA also recommended that procedures undergo updates to replace outdated information. Synergy supports this recommendation to provide the market with more clarity and transparency in the development of limit advice and constraint equations.

Recommendation 2: Additional transparency around RCM processes

The ERA has recommended that additional transparency would benefit market participants and new entrants regarding these processes. In particular, the ERA has recommended greater transparency around decisions in potential network investment and special protection schemes, information on the NAQ allocation process and clarity as to where limit advice and constraint equations sit within the RCM framework. Synergy supports this recommendation as more transparency around RCM processes may facilitate better understanding of the Reserve Capacity Mechanism (**RCM**) framework and thereby inform efficient investment decisions.

Recommendation 3: Western Power's internal documentation

The ERA has observed that Western Power's internal documentation appears comprehensive and of appropriate quality. Synergy supports the ERA's recommendation that Western Power updates its internal document related to the RCM process, and continues to develop its not yet documented processes.

Recommendation 4: AEMO's internal documentation

The ERA has observed that the AEMO has less internal documentation of its processes and that

the AEMO has well-established processes for review, assessment and formulation of both thermal and non-thermal constraint equations. The ERA noted that a lack of internal documentation is not problematic for existing team members, however this may impede understanding for new starters or junior members. The ERA also observed that processes for developing RCM constraint equations are not documented in internal procedures, although these are well understood.

Synergy supports the recommendation for AEMO to document its internal processes, as documentation is likely to benefit new starters and facilitate improvement to existing processes.

Recommendation 5: Improving communication between AEMO and Western Power

In the development of thermal limit advice, AEMO and Western Power were observed to have continued to mature their communication and validation processes. In developing non-thermal limit advice, the two organisations were found to communicate with each other constantly and with reasonable timeliness.

The ERA also found that there is substantive communication between AEMO and Western Power throughout the RCM process. This has resulted in bottlenecks at times, and on occasion, missing updates to particular teams. The ERA indicated its expectation for both organisations to further improve their communications as their processes develop over the next few years.

Synergy supports the continuous improvement of communications between AEMO and Western Power in the development of LACE, as this will benefit the wider market.

Recommendation 6: Developing dynamic line ratings

The ERA has positively appraised the ongoing work in developing dynamic line ratings, outlining the anticipated benefits of applying dynamic ratings instead of static ratings. These benefits include higher network utilisation rates, improved efficiency of network performance and a reduction in the number of binding constraints. Improvements to network efficiency may also lead to better price outcomes for consumers, potentially reducing the need for network expansion, supporting limb (b) of the State Electricity Objective (**SEO**).

Synergy supports the recommendation for AEMO and Western Power to continue the development of dynamic line ratings, which have the potential to improve network utilisation and avoid the application of overly conservative line ratings.

Recommendation 7: Publication and quality of information around Limit Advice and Constraint Equations

The ERA noted that AEMO currently publishes information on the Congestion Information Resource (**CIR**) website, and has developed market procedures relating to the CIR and the formulation of constraint equations.

The current CIR website contains information that is only accessible using software capable of reading a JSON file. The ERA noted that this information is very technical, and the format difficult to access and interpret. The ERA recommended that publishing more information in a less technical form would provide educational benefits to the market, specifically new entrants. Publication of more explanatory and educational information around the AEMO's processes was also recommended to increase market transparency.

Information on the CIR requires substantial effort from participants to translate content stored in numerous JSON files into a meaningful interpretable format. A centralised, publicly available web-

based resource that presents this data in a readable, visual and interactive format would provide significant value to participants and industry. Such a platform could simulate the constraints and their effect on participant facilities, facilitate better understanding of operational and network constraints, and enable informed participant decisions and enhanced efficiency. A comparable platform has been developed for the National Electricity Market, providing real-time congestion visualisation to users. The development of a similar resource for the Wholesale Electricity Market could greatly enhance understanding of its participants and industry, and support the SEO.

Synergy recognises the importance of the publication of CIR content in JSON format for market transparency, and supports the continued publication of content in this format, alongside the development of an interactive web resource.

Lastly, Synergy suggests that the ERA includes an assessment of the recommendations that should receive priority attention and action by Western Power and or AEMO, prior to the next LACE review, in their efforts to support the State Electricity Objectives.

Synergy thanks the ERA for its work in conducting the LACE review, and for considering Synergy's submission. Should you have any queries, please contact Genevieve Teo at genevieve.teo@synergy.net.au.

Yours sincerely,

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