



16 December 2019

Transmission via online submission form: <https://www.erawa.com.au/consultation>

Report to the Minister for Energy on the Effectiveness of the Wholesale Electricity Market 2019 Issues paper

Thank you for providing Alinta Energy with the opportunity to provide comment on the WEM effectiveness report issues paper.

The ERA has identified that the reform process is addressing many of the elements raised in previous WEM effectiveness reports. However, the ERA has highlighted an issue that does not appear to be within the reform scope, specifically the impact that network decisions can have in influencing outcomes in the WEM (and the resultant impacts on market cost optimisation).

Alinta Energy supports a mechanism to ensure that network outage planning chooses the overall least cost plan

Western Australia is an attractive market for renewables investment given the abundance of natural resources and the market design characteristics.

However, significant support and industry leadership was required to allow new renewable generators to connect to the network in a timely manner under the interim access solution (known as the Generator Interim Access or **GIA**).

The underlying principle of the GIA solution is that it applies constraints to limit the output of a GIA generator when network capacity is limited. This includes:

- A dynamic (real-time) assessment and application of constraints during system normal; and
- Manual assessment and application of constraints in other circumstances (i.e. when there is a planned outage on any network element that impacts the GIA generator).

Badgingarra Wind Farm (**BWF**)¹ is the first GIA generator in commercial operation on SWIS. As such, we have first-hand experience on how the GIA is operating in practice.

What this experience has shown is that, during the early months of operation, GIA generators were constrained significantly more than was ever contemplated and communicated to participants during the GIA design process. This increase was largely attributed to constraints occurring due to planned outages on Western Power transmission elements rather than constraints being imposed during system normal operation due to thermal line overloads. This

¹ Owned and operated by APA and underpinned by an agreement with Alinta Energy.

significantly reduced the quantity of low-cost energy being made available to the market during the early operation of BWF.

AEMO, Western Power, Alinta Energy and APA have been successful in working together to minimise the impacts to GIA generators from planned outages on Western Power transmission elements. However, unless continued coordination occurs, this issue will be exacerbated when we integrate further renewables into the SWIS, such as Alinta Energy's Yandin Wind Farm and the Warradarge Wind Farm.

Given this, Alinta Energy supports the consideration of a mechanism to ensure that network outage planning chooses the overall least cost plan accounting for costs to the network owner, wholesale market and customers directly or indirectly affected by the planned outage.

Alinta Energy notes that where a network outage is likely to unduly impact the operation of one or more Market Participant Registered Facilities the Market Rules currently allow System Management to require that, in developing their Outage Plans, the relevant Network Operator and affected Market Participants coordinate the timing of their outages to minimise the impact of the Network outage on the operation of the Market Participant Registered Facilities (clause 3.18.5C).

While this clause ensures that there is some coordination of outages where both networks and generation participants both want outages, Alinta Energy considers that the Market Rules should require either:

- greater coordination of network outages where they are likely to unduly impact the operation of one or more Market Participant Registered Facilities (whether or not the market participant wants or needs a corresponding outage); and/or
- the Network Operator should have to consider the Wholesale Market Objectives when planning network outages to ensure that least cost and efficient outcomes are achieved for the market as a whole.

If you have any questions on this submission, please contact me on either jacinda.papps@alintaenergy.com.au or 08 9486 3009.

Yours sincerely,

Jacinda Papps

Manager, National Wholesale Regulation
Alinta Energy