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Economic Regulation Authority
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By email to: publicsubmissions@erawa.com.au

ERA CONSULTATION: PROCEDURE CHANGE PROPOSAL - BENCHMARK RESERVE CAPACITY PRICE

Synergy welcomes the opportunity to provide a submission to the Economic Regulation Authority (**ERA**) on the *Procedure Change Proposal: Benchmark Reserve Capacity Price (BRCP Procedure Change Proposal)* paper.

Synergy advocates for careful balancing of the competing outcomes that the Benchmark Reserve Capacity Price (**BRCP**) can engender and encourages the ERA to bear at front of mind that consumers should not be unfairly burdened by excessive costs.

Overarchingly, Synergy considers the proposed changes within the BRCP Procedure Change Proposal paper are reasonable and appropriate. Synergy provides its responses to the questions within the paper in the attached Table 1 for the ERA's consideration.

Synergy thanks the ERA for its timely review of the procedure outlining the method to determine the BRCP.

Your sincerely

[REDACTED]
RHIANNON BEDOLA
MANAGER ELECTRICITY MARKETS

Table 1: Synergy's responses to general and specific questions within the BRCP Procedure Change Proposal paper

#	Questions for stakeholders	Synergy's comment
1	Please provide your views on the procedure change proposal, including any objections or suggested revisions.	Synergy supports the ERA's review of the BRCP WEM Procedure and does not have any additional suggestions.
2	Please provide an assessment on whether the Procedure Change Proposal is consistent with the State Electricity Objective and the Electricity System and Market Rules.	Synergy considers that the BRCP Procedure Change Proposal is consistent with the State Electricity Objective and the Electricity System and Market Rules.
3	Please indicate if the procedure change proposal will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.	Synergy does not consider that the BRCP Procedure Change Proposal will have significant implications or implementation costs for its organisation.
4	Please indicate the time required for your organisation to implement the changes, should they be accepted as proposed.	Synergy does not consider that the proposed changes will require significant implementation time for its organisation.
5	Is the proposed approach to ensure the Benchmark Capacity Providers receive their full capacity credit allocation by requiring the build to account for derating and non-operational degradation (i.e. "oversizing"), still reasonable?	Synergy considers the proposed approach is reasonable.
6	Is it reasonable for the WEM Procedure to <i>not</i> specify the degree of sizing required for the Benchmark Capacity Providers to achieve 200 MW of injection capacity and 1,200 MWh of energy storage?	Synergy considers that it is reasonable for participants to determine their own degree of sizing and that the BRCP WEM Procedure does not need to specify the degree of sizing.
7	Is estimating the land costs as a single, average land cost based on average land prices across the Clean Energy Link – North a reasonable approach for determining land costs?	Synergy considers that the proposed approach is reasonable for high-level benchmarking, particularly for a project spanning a large area. However, the downside to using a single, average land cost is that it masks the differences in property uses, zonings and locations. If additional accuracy is required, the ERA may wish to consider alternative valuation methods such as: <ul style="list-style-type: none"> Segmented – approach which breaks the Clean Energy Link - North corridor into segments and allows for multiple averages. Comparable Sale Analysis – approach which utilises recent sales data of similar parcels of land in the immediate vicinity and adjusts for differences, e.g., size, zoning and location. Zoning and Use Adjustments – method which factors in permitted land use and development potential.

8	Is lithium iron phosphate BESS still a reasonable lithium sub-chemistry, and should it continue to be specified in the Procedure?	Synergy considers this to be a reasonable assumption provided that the technology is capable of meeting the current technical requirements and specifications for Peak Capacity and Flexible Capacity.
9	Is the current approach to estimate capital costs reasonable to account for all capital costs associated with the Benchmark Capacity Providers?	Synergy considers that the approach is reasonable.
10	Are the fixed operation and maintenance (O&M) cost components outlined in the WEM Procedure still appropriate?	Synergy considers that the components are still appropriate.
11	Is the approach to estimate and adjust costs to apply as of 1 April of Year 3 of the Reserve Capacity Year appropriate?	Synergy considers that the proposed approach is reasonable.