

WHOLESALE ELECTRICITY MARKET

Submission to Procedure Change Proposal

AEPC_2017_04: Certification of Reserve Capacity

Submitted by	
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Date submitted:	08 August 2017

Submission

Clause 2.10.7 of the Wholesale Electricity Market Rules provides that any person may make a submission for a Procedure Change Proposal (including proposals developed by AEMO, the Economic Regulation Authority or the Rule Change Panel) by completing this Procedure Change Submission form.

Submissions should be provided by email to the nominated contact in the call for submissions published with the Procedure Change Proposal.

Please provide your views on the Procedure Change Proposal, including any objections or suggested revisions

Alinta Energy (**Alinta**) welcomes the opportunity to provide a second submission to the Australian Energy Market Operator (**AEMO**) on its *Procedure Change Proposal: Certification of Reserve Capacity* (**Procedure Change Proposal**).

Alinta notes that AEMO has proposed updates to the procedure to reflect the amendments to the Wholesale Electricity Market Rules (**Market Rules**) which:

- commenced on or before 1 July 2016 (varying the process Market Participants must follow in applying for Certified Reserve Capacity and Early Certified Reserve Capacity);
- commenced on 23 June 2017 (detailing the certification processes for new generation facilities entering under the Generator Interim Access (**GIA**) solution; and
- will commence on 1 October 2017 (introducing the new Appendix 10, which details the process to determine Relevant Demand for Demand Side Programmes).

Alinta thanks AEMO for updating the Procedure Change Proposal to include details around the certification processes for new generation facilities entering under the GIA solution.

In reviewing the Procedure Change Proposal, Alinta has identified the following major issue for further consideration by AEMO:

The Market Procedure should include the relevant details around mandatory versus optional supporting information requirements:

As currently drafted the details around mandatory versus optional supporting information is currently contained outside the Market Procedure (in the Wholesale Electricity Market Systems (**WEMS**)). See:

- Step 3.1.6 notes that: *Further details on supporting information requirements are indicated by 'mandatory' and 'optional' submission fields for Certified Reserve Capacity in WEMS.*
- Step 3.1.7 notes that: *Participants must include documentation for all mandatory submission fields, and may include documentation for the optional submission fields where appropriate.*

It would be Alinta's strong preference that the information on mandatory versus optional supporting information requirements be included as a schedule to this procedure. This means that AEMO is not able to make unilateral amendments to the requirements, which could change a participant's obligations regarding what supporting information is required, without adequate consultation.

In addition to this, Alinta has identified the following minor issues for further consideration by AEMO:

- **Step 3.1.1:** This step includes the new text "(including all supporting documentation)" and refers to clauses 4.1.7, 4.1.11 and 4.9.1(a) as the clauses that this step is derived from.

Alinta does not consider that clauses 4.1.7, 4.1.11 and 4.9.1(a) requires an applicant to include all supporting documentation in its application, noting that this obligation is contained in clause 4.10.1 of the Market Rules.

Given this, Alinta considers that step 3.1.1 should be modified to:

- a) refer to the clause which requires that a participant provide supporting evidence; and
- b) restrict that supporting evidence to what is required under the Market Rules.

Alinta suggests the following:

A Market Participant may lodge an application for Certified Reserve Capacity (including all supporting documentation as described in clause 4.10.1 of the WEM Rules) in respect of a Reserve Capacity Cycle between:

- **Steps 3.1.2 and 3.1.3:** These steps outline that Application Fees are applicable in certain instances. Step 3.1.2 notes that the relevant fees are available on the Market Web Site and step 3.1.3 is silent on where to find fee information. To be consistent with other procedures, Alinta suggests that there should be a URL to the market fee page on the Market Website as a footnote to these steps.
- **Steps 3.1.4 and 3.1.5:**

Alinta does not consider that these steps are drafted in a user friendly manner – particularly for a new participant to the WEM. As such, Alinta considers that these steps could be re-written in a manner similar to:

Step [x] Before submitting an application for a Facility under step 3.1.1, 3.1.2 or 3.1.3 an applicant must ensure that it is registered as a Market Participant.

Step [x] A Market Participant may then apply for certification of the amount of Reserve Capacity which can be provided by a Facility if:

(a) the Facility is a Registered Facility; or

(b) subject to step [x], the Facility is not a Registered Facility but the applicant intends to have the Facility registered by the commencement date of the Reserve Capacity Obligations for the relevant Reserve Capacity Cycle.

Step [x] If the Facility is not yet a Registered Facility then an applicant must ensure that a Facility name is registered in the WEMS for the purposes of Certified Reserve Capacity in accordance with the Market Procedure for Facility Registration, De- Registration and Transfer.

If AEMO does not agree with the above suggestion, Alinta considers that step 3.1.5 would be more useful to refer to the actual requirements in the Market Rules rather than a reference to clause 4.8.1 (particularly since there are only two requirements); and

Finally, Alinta questions whether these it would be more appropriate for these steps to be prior to the current step 3.1.1 given these are pre-requisites to actually submitting an application.

- **Step 4.3.3:** Is the clause reference of 4.9.5(b) the correct reference for this step?
- **Step 4.6.3:** This step requires AEMO to notify an applicant that it has exceeded or that AEMO has reason to believe that it will exceed the outage rates in clause 4.11.1D of the Market Rules. As part of this notification, AEMO should be required to inform an applicant as to how it has come to its conclusion, especially in the case where AEMO has “reason” to believe that a Facility will exceed the relevant outage rates.

Further, for clarity Alinta considers that step 4.6.3 should be amended to refer to “relevant” outage rates:

4.6.3. For each Facility identified in step 4.6.1, AEMO must notify the applicant that it has exceeded or that AEMO has reason to believe that it will exceed the relevant outage rates in clause 4.11.1D of the WEM Rules. This notification must be provided to the applicant at least 15 Business Days prior to the deadline in step 4.9.1.

- **Step 4.6.4(a):** The word outage should be plural in this step.
- **Step 4.6.6:** Alinta considers that this step should be amended to ensure that AEMO also takes into account the information provided to it by the participant in accordance with step 4.6.4.
- **Step 4.7.1:** For consistency with other steps in this Procedure Change Proposal (i.e. step 3.1.4(b)) Alinta considers that AEMO should add the following “in accordance with the Market Procedure for Balancing Facility Requirements”.
- **Step 4.10.1:** Alinta notes that this step refers to clause 4.1.32 of the WEM rules and questions whether this should refer to step 2.1.1 of this procedure (similar to the drafting in step 4.1.2 of this Procedure Change Proposal).
- **Step 4.10.2:** This step notes that “some aspects of this notification to applicants may be provided through the WEMS”. Alinta considers that this clause should:
 - Note what aspects are provided through WEMS; and
 - Note that the remaining aspects will be provided to applications in accordance with the Notices and Communications Market Procedure.
- **New steps 4.10.2A and 4.10.2B:** Step 4.10.2 outlines what AEMO must provide an applicant if it assigns Certified Reserve Capacity to a Facility (by referring to the information as specified in clause 4.9.9 of the Market Rules). Alinta notes that clause 4.9.9(e) of the Market Rules outlines that AEMO must advise the applicant “upon the request of the applicant, of the calculations upon which AEMO’s determinations are based” [emphasis added].

Alinta considers that this information should be specifically referred to in the Procedure Change Proposal and suggests the following:

Step 4.10.2A: Following a notification from AEMO under step 4.10.2, an applicant may request that AEMO provide it with the calculations upon which AEMO's determinations are based.

Step 4.10.2B: If AEMO receives a request under step 4.10.2A, AEMO will endeavour to provide the applicant with the calculations upon which its determinations are based within [xx Business Days].

- **Step 6 title:** For clarity, the rule reference in this title should be a lower case b.
- **Step 6.1.2:** Alinta suggests that this step be amended as follows:

6.1.2. If AEMO rejects a nomination under step 6.1.1, it must process the application as if the applicant had nominated to use the methodology described in clause 4.11.1(a) of the WEM Rules as described in Chapter 4 and in step 5 of this procedure [Clause 4.11.2(aA)].
- **Step 6.5.1:** This step assumes that the only applicants under clause 4.11.2(b) will be Intermittent Generators. Whereas clause 4.11.2(b) applies to both Scheduled Generators and Non-Scheduled Generators. Therefore this section should address how an initial Reserve Capacity Obligation Quantity would be set for a Scheduled Generator if applying for Certification under the clause 4.11.2(b) methodology.

Please provide an assessment whether the Procedure Change Proposal is consistent with the Market Objectives and the Wholesale Electricity Market Amending Rules.

Alinta agrees with AEMO's assessment that the steps in the Procedure Change Proposal are drafted in a way that does not change the objectives of the Market Rules. As a result Alinta considers that the Procedure Change Proposal, as a whole, is consistent with the Wholesale Market Objectives.

Noting this, Alinta considers that there are a number of improvements that could be made to the Procedure Change Proposal (as suggested in this submission) that will ensure that the Market Procedure provides additional guidance and relevant information to participants.

As such, Alinta considers that the Procedure Change Proposal, if amended as Alinta suggests, will be drafted in a way that does not change the objectives of the Market Rules and therefore will be consistent with the Wholesale Market Objectives.

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.

Alinta does not anticipate any significant costs associated in implementing the Procedure Change Proposal.

Please indicate the time required for your organisation to implement the changes, should they be accepted as proposed.

Alinta does not require any time to implement the Procedure Change Proposal.