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Ms Dora Guzeleva
Director
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Via email: energymarkets@dmirs.wa.gov.au

Submission by Expert Consumer Panel members Chris Alexander and Noel Schubert on the Exposure Draft of the Wholesale Electricity Market Amendment (Miscellaneous Amendments No. 3) Rules 2024

Dear Ms Guzeleva,

Thank you for the opportunity to make a submission on the above Exposure Draft.

The energy sector in Western Australia exists to provide electricity and gas to consumers. It is central to energy production and delivery that the interests of energy consumers are served. The Expert Consumer Panel (ECP) was established by the Western Australian Government to provide input on policy, rules and other processes across all elements of the energy supply chain. ECP members include representatives from a variety of energy-related backgrounds, all of whom bring a unique customer perspective to the work of the group.

As members of the ECP, we represent energy consumers on the Market Advisory Committee (MAC) and some of its working groups that have been considering Market Rules related to those included in this Exposure Draft.

The Exposure Draft includes measures which will strengthen the management of system security and reliability in the wholesale market, as well as increasing transparency around the awarding of key energy contracts that are ultimately funded by Western Australian electricity consumers.

The bullet point list below, of the amendments proposed, is taken from the Explanatory Note for the Exposure Draft of the Wholesale Electricity Market Amendment (Miscellaneous Amendments No. 3) Rules 2024 on page 1 of the Exposure Draft.¹ Our position on the proposed amendments, or other comments, have been added to this list **in bold text**.

“This Exposure Draft contains proposed Amending Rules to:

- require AEMO to inform EPWA and the ERA of any issues that are likely to adversely affect the effectiveness of the market or achievement of the Wholesale Market Objectives; **Supported.**

¹ Exposure Draft:

<https://www.wa.gov.au/system/files/2024-06/wholesale-electricity-market-rules-exposure-draft-misc-3.pdf>

- require AEMO to investigate and report on significant incidents in the SWIS;
Supported.
- reduce the deadline for providing AEMO any final details of a Forced Outage from fifteen days to seven days after the relevant Trading Day to allow for certain settlement calculations to be performed earlier; **Comment deferred to relevant market participants.**
- allow AEMO to proactively share information with EPWA and the ERA without requiring a formal request; **Supported.**
- clarify the publication requirements associated with NCESS contracts; **Supported, and a further recommendation is provided below.**
- allow AEMO to require more reserve capacity security to be lodged in the event that security has been drawn upon due to Facility not commencing on time; **Deferred to relevant market participants.**
- provide clarity around the Availability Duration Gap determination for all years in the LT PASA horizon; **Supported.**
- amend the definitions of Enablement Maximum and Enablement Minimum to improve clarity, and ensure that Enablement Limits accurately reflect the capability of a Facility; **Deferred to relevant market participants.**
- modify the settlement rules to allocate the costs of NCESS Contracts for peak capacity as a Reserve Capacity cost, i.e. on the basis of IRCR; **Supported, for Non-Co-optimised Essential System Services (NCESS) costs and also for Supplementary (Peak) Capacity costs, because the Individual Reserve Capacity Requirement (IRCR) reflects demand of market participants at peak-capacity-requirement times which is what drives the need for more peak capacity that Peak NCESS and Supplementary Reserve Capacity (SRC) are procured to meet. Therefore this proposed modification of the settlement rules better allocates costs - i.e. on a 'causer-pays' basis.**
- remove barriers to entry and encourage participation of aggregated DSPs in the RCM; **Supported in principle.**
- update clause 7.4.35 to allow a Market Participant to make a Real-Time Market Submission after Gate Closure if directed to do so by AEMO; **Deferred to relevant market participants.**
- refine the cost allocation methodology for Contingency Reserve Raise; **Supported in principle.**
- define a Facility by its Metering Point, rather than its connection point, to allow for registration of multiple Facilities behind a single connection point following approval from AEMO; **Supported.**
- include transitional rules to extend the timeframes related to the submission, consideration and approval of AEMO's Allowable Revenue for the 2025 to 2028 period; **Supported in principle.**
- clarify the settlement provisions related to calculating FCESS Uplift Payments; **Supported in principle.**
- error corrections and enhancements across all the WEM Rules." **Supported in principle.**

Further comments

Clause 3.11B.15

We support the proposed additions to this clause to clarify what is to be published by AEMO or the Network Operator regarding the payment structure and amounts specified in a NCESS Contract.

Recommendation: That AEMO or the Network Operator be required to also publish the **quantity** (of MW or MVA or other service parameter) being provided by each NCESS contract.

Clause 4.24.11B(b) for each Supplementary Capacity Contract already requires “the quantity contracted under the Supplementary Capacity Contract” to be published by AEMO, and we consider that AEMO or the Network Operator should be required to publish the quantity for NCESS contracts also.

The rationale for the above recommendation is that it is necessary to have visibility of the MW or MVA **quantity** so that the total annual availability **cost** of each contract can be calculated and compared to the annual costs of other sources of capacity (like normal Reserve Capacity), to enable market participants and interested parties to determine the ‘materiality’ of each NCESS contract. To determine the overall value and costs of a contract both the ‘availability’ **price** per MW or MVA, as well as the MW or MVA **quantity**, are required. This requirement is missing from the current Exposure Draft for NCESS contracts (clause 3.11B.15).

Transparency around the prices and quantities under these contracts - particularly given their increasing materiality - is important to ensure effective competition in markets and value for money for consumers.

We would be pleased to provide any further information to support this submission.

Yours sincerely,

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