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Dr Ray Challen
Deputy Director General
Public Utilities Office
Department of Finance
Locked Bag 11
Cloisters Square WA, 6850

Level 17
197 St Georges Terrace
Perth WA 6000

Postal Address:
PO Box 7096
Cloisters Square
Perth WA 6850

T +61 8 9254 4300
E wa@aemo.com.au

Dear Dr Challen

SUBMISSION TO THE ELECTRICITY MARKET REVIEW POSITION PAPER ON DESIGN OF A WESTERN AUSTRALIAN RELIABILITY ADVISORY COMMITTEE

The Australian Energy Market Operator (AEMO) welcomes the opportunity to comment on the Electricity Market Review (EMR) Position Paper on the Design of a Western Australian Reliability Advisory Committee published on 3 February 2016.

AEMO supports the proposed reforms to establish a WA-based body to provide advice on matters of security and reliability in the South West interconnected system (SWIS).

Background

The SWIS is an isolated and independent system from that of the National Electricity Market (NEM) and network. As Western Australia will not be adopting all of the security and reliability aspects of the National Electricity Rules (NER), AEMO supports the establishment of a local entity to review, advise and report on issues affecting power system security, performance and reliability of the Wholesale Electricity Market (WEM) and SWIS.

Currently, the security and reliability requirements of the SWIS are applied through various instruments including the WEM Rules, *Electricity Networks Access Code 2004*, *Electricity Industry (Network Quality and Reliability of Supply) Code 2005* and the Technical Rules. AEMO notes that there is no coordination of the management of the standards and obligations in each of the instruments and in many cases they are inconsistent with one another which can result in adverse outcomes for the market.

AEMO therefore agrees that an independent body providing advice on matters of security and reliability in the SWIS as proposed, will ensure that an appropriate governance framework is established and that decisions are coordinated to ensure continued maintenance of security and reliability outcomes.

Reliability Advisory Committee

AEMO expects that the WA Reliability Advisory Committee (RAC) would be required to perform functions similar to those of the National Reliability Panel (the National Panel). That is, to monitor, review and report on the security and reliability of the NEM system.

Under the national framework the Panel is required to advise the rule maker – the Australian Energy Market Commission (AEMC), rather than the regulator, the Australian Energy Regulator. The reason for this arrangement is primarily because the functions of the Panel directly impact standards and obligations in the NER. This could potentially result in rule

changes that need to be made by the AEMC, or in standards or guidelines which are subsidiary to the NER and therefore need to be consistent with those rules.

AEMO proposes that, consistent with the approach in the NEM, the RAC should be able to directly provide advice to, and receive work briefs from, the rule maker – in Western Australia this would be the EMR proposed Rule Change Panel (RCP).

AEMO considers that given the breadth and depth of experience that will be required of the RCP members, they will have the appropriate technical understanding of the power system to make decision on security and reliability matters. This option also provides some independence regarding governance and separated reporting requirements.

If you would like to discuss any matters raised in this submission, please contact Erin Stone, A/Group Manager Development and Capacity (WA) on (08) 9254 4304 or by email at erin.stone@aemo.com.au.

Yours sincerely

David Swift
Executive General Manager – Corporate Development