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Matthew Martin
Public Utilities Office
Submission by email: PUOSubmissions@treasury.wa.gov.au

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Dear Mr Martin

RESPONSE TO CONSULTATION PAPER - ALLOCATION OF CAPACITY CREDITS IN A CONSTRAINED NETWORK

Bluewaters welcomes the opportunity to provide comments on the paper entitled “Allocation of capacity credits in a constrained network” (Second Consultation Paper). This paper was published by the Public Utilities Office (PUO) on 16 February 2018.

Bluewaters notes that this Second Consultation Paper is one of the three¹ papers published by the PUO for stakeholders’ consultations in regards to issues relating to the proposed constrained network arrangement in the Wholesale Electricity Market (WEM).

Bluewaters considers the proposed constrained network access model provides locational signal with respect to network capacity. Bluewaters considers such locational signal is not effective in the case of incumbent generators as they are unable to respond to the locational signal.

Bluewaters considers a “capacity priority” arrangement appropriately takes this into account.

An alternative to the “capacity priority” arrangement is remaining with a partially constrained network which retains firm access and full capacity allocation for generators whose generation is likely to remain unaffected by a constrained network access arrangement. This has been discussed in further details in Bluewaters’ submission to the paper entitled “Implementing a constrained network access regime” (First Consultation Paper).

Bluewaters notes that the PUO has proposed a time period of ten years for the “capacity priority” arrangement. Bluewaters proposes that the time period be tied to the expiry dates of the current firm network access rights under the relevant Electricity Transfer Access Contracts (ETACs). This is expected to align the “capacity priority” time period to the Market Participants’ current entitlements to firm network access capacity.²

Should you have any questions regarding this submission please contact Daniel Kurz on 08 9261 2881 or daniel.kurz@bluewatersps.com.au.

Yours sincerely

Daniel Kurz
General Manager – Trading, Commercial & Regulatory

¹ As of 26 March 2018.

² The impact of a misalignment has been discussed in Bluewaters’ submission for the First Consultation Paper.