

3 September 2018

Attn: Mr Ashwin Raj  
Manager, Energy Networks  
Public Utilities Office  
Department of Treasury  
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Dear Mr Raj

## **SUBMISSION TO THE PROPOSED APPROACH TO IMPLEMENT CONSTRAINED NETWORK ACCESS**

The Australian Energy Market Operator (AEMO) welcomes the opportunity to provide a submission in response to the position paper by the Public Utilities Office (PUO), titled *“Improving access to the Western Power Network”*, the proposed approach to implement constrained network access published on 8 August 2018.

AEMO supports a transition to a constrained network access regime in the South West Interconnected System (SWIS) which:

- recognises that some level of network congestion can be economically efficient;
- looks to reduce barriers to future investment and economic development;
- enables timelier and cost-effective connection to the electricity network;
- improves the utilisation of network transfer capacity;
- supports market participation of renewables and new technologies; and
- can reduce the need for high-cost network investment where it is not warranted.

Recognising the challenges to power system operation posed by a changing generation mix, these proposals will deliver foundation reforms necessary to support the WEM/SWIS as it transitions away from existing market and regulatory arrangements. The adoption of a constrained network access model will offer solutions that are better targeted to consumers' needs and are more cost effective for the market as a whole.

AEMO also supports the government's proposed consequential to the Wholesale Energy Market (WEM) arrangements which will complement the move to constrained network access. These changes will facilitate the delivery of constrained network access reforms and better achieve the Wholesale Market Objectives by:

- enabling efficient and equitable dispatch of energy and ancillary services, to deliver least cost electricity to customers; and
- ensuring system security and reliability arrangements can accommodate an increasing penetration of renewable energy generators and changes to the profile of electricity consumption.

As the independent market and system operator, AEMO is ready to play an active role in the design and implementation of new arrangements for market and power system operation and looks forward to continuing to work with the PUO and other stakeholders through this process.

If you have any queries in relation to the review, please do not hesitate to contact Stuart Featham on (08) 9469 9905 or at [stuart.featham@aemo.com.au](mailto:stuart.featham@aemo.com.au).

Yours sincerely



Cameron Parrotte  
**Executive General Manager, Western Australia**