

27 April 2016

ABN 56 149 910 341

Electricity Market Review Project Office  
Public Utilities Office  
Department of Finance  
Locked Bag 11  
Cloisters Square WA 6850

Via email: [electricitymarketreview@finance.wa.gov.au](mailto:electricitymarketreview@finance.wa.gov.au)

Dear Mr Martin,

### **Design Recommendations for the Wholesale Energy and Ancillary Service Markets – Tersum Energy Pty Ltd**

Tersum Energy Pty Ltd (“Tersum”) welcomes the opportunity to provide comments and input on the proposed Reforms to the Reserve Capacity Mechanism, within the context of the Western Australian Electricity Market Review.

Tersum is currently developing its first project, a mid merit – solar hybrid power station, to be connected to the South West Interconnected Network (“SWIN”) in the locality of Meru, approximately twelve kilometres south-east of Geraldton.

As a new participant in the Western Australian Electricity Market, Tersum supports the general principle of increasing competition through market reform. Increased transparency, through the adoption of a security constrained market, the leveling of the playing field by way of facility bidding for all market participants, and the co-optimisation of energy and ancillary services, are welcomed reforms which will assist in the delivery the overall aims of the Electricity Market Review;

- Reducing the costs of production and supply of electricity and electricity related services, without compromising safe and reliable supply.
- Reducing Government exposure to energy market risks, with a particular focus on having future generation built by the private sector without Government investment, underwriting or other financial support.
- Attracting to the electricity market private-sector participants that are of a scale and capitalisation sufficient to facilitate long-term stability and investment.

As a general comment, it is Tersum's view that where possible and practical that reforms consistent with the National Electricity Market should be adopted to stream line market operation and to provide a common regulatory environment

for offshore funds seeking to provide much needed capital investment, particularly with the continuing aging of the generation fleet in the State.

The reforms outlined within this position paper are an encouragement to new market participants to introduce 'fit for purpose' generation in areas of the network where market signals identify an opportunity. It is vital that cost reflective pricing be progressively introduced and for subsidies explicitly identified and funded be available to all participants. Without effective wholesale and retail competition new investment will not be forthcoming and competition unlikely to develop.

Tersum holds the view that the reforms being undertaken within the Electricity Market Review that market participants (established vs. new) differently. In order to balance the vested interests of both blocks, it is Tersum's view, that the structure of proposed industry working group includes mixed representation from established and new market participants, together with debt and/or equity providers, to ensure that all views are considered before any decisions are made. Without a cross-section of stakeholders it is possible that the changes implemented will not achieve the overall aims of the Electricity Market Review.

To this end Tersum is prepared to get actively involved to represent new investment in to the WA electricity market and to share its experiences elsewhere.

Should you have any queries please contact Rod Littlejohn – Managing Director via telephone on 0407 579 663 or email [rlittlejohn@tersumenergy.com](mailto:rlittlejohn@tersumenergy.com)

Yours Sincerely,



Rod Littlejohn  
Managing Director