Wholesale Electricity Market Rule Change Proposal Submission

RC_2014_06: Removal of Resource Plans and Dispatchable Loads (Call for Further Submissions)

Submitted by:

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Submissions on Rule Change Proposals can be sent by:

Email to: rcp.secretariat@rcpwa.com.au

Post to: Rule Change Panel
              Attn: Executive Officer
              C/o Economic Regulation Authority
              PO Box 8469
              PERTH BC WA 6849

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1.   Please provide your views on the proposal, including any objections or suggested revisions.

Alinta Energy (**Alinta**) welcomes the opportunity to provide a submission to the Rule Change Panel on its *Call for Further Submissions* for the Rule Change Proposal: *Removal of Resource Plans and Dispatchable Loads (**RC_2014_06**).*

Alinta Energy supports the changes being progressed by RC_2014_06, and is particularly supportive of the removal of the requirements to submit Resource Plans and extension of the Short Term Energy Market (**STEM**) Submission Window. The proposed amendments will reduce participant risk and administrative burden which will improve the efficiency of the operation of the market and contribute to achieving the market objectives.

Alinta's responses to the Rule Change Panel's specific questions are contained in the table below.

Rule Change Panel Question	Alinta response
Timing of STEM and Balancing Market Windows	
Should the Scheduling Timeline be future proofed for the implementation of NEMDE?	Alinta has no concerns with the Scheduling Timeline being 'future proofed' for the potential implementation of NEMDE.
	While supportive of future proofing, Alinta does not advocate the automatic assumption that NEMDE is the correct solution for the Wholesale Electricity Market (WEM) given the hybrid aspects of the WEM – including the Reserve Capacity Mechanism and the STEM. As such, Alinta would support a robust IT process whereby the most appropriate system is selected and implemented.
If the Balancing Horizon is commenced at 12:30 PM, how should the following windows be scheduled (considering that only the quantities and not the prices of Balancing Submissions can be updated in NEMDE): • the STEM Submission window; and • the period between the deadline for the publication of the STEM Auction results and the commencement of the Balancing Horizon?	Alinta supports extending the STEM Submission Window as this process has high financial consequence if a submission is missed[1] (albeit this is generally a low probability). On the other hand, Alinta also supports the STEM providing an ability to hedge in as "forward" a market as possible. Given the options, Alinta supports the "alternative" timeline presented in the Call for Further Submissions.
Delay of STEM and Repetition of Scheduling Day Steps	
Should the provision for AEMO to delay the STEM because of issues with the Ancillary Service data be reinstated?	Yes. This was removed inadvertently and should be reinstated.
In case of any issues with the Scheduling Day steps: • Should AEMO be allowed to: ○ repeat relevant Scheduling Day steps if required to rectify any issues; and ○ delay the STEM for such rectification? • Should any restrictions or conditions be placed on such repetition and the associated delay?	Alinta supports AEMO being allowed to repeat relevant Scheduling Day steps to rectify any issues and delay the STEM timelines for such rectification. Noting this, consideration will need to be given to the flow on effects of a delay.
What is the minimum time that should be allowed between the publication of the STEM Auction results and the extension of the Balancing Horizon in case of a STEM delay?	One hour.

[1] Alinta notes that missing the submission window carries a high risk for a participant. For example, for a participant such as Alinta the impact could be as high as $1.323M during times of minimal excess capacity (worst case scenario under the new dynamic refunds regime).

2. Please provide an assessment whether the change will better facilitate the achievement of the Wholesale Market Objectives.

Alinta considers that the proposed amendments will better achieve Wholesale Market Objectives (a) and (d) and are consistent with the other Wholesale Market Objectives. Specifically:

- The proposed removal of Resource Plans will promote economic efficiency (Wholesale Market Objective (a)) and contribute to minimising the long-term cost of electricity (Wholesale Market Objective (d)) by eliminating unnecessary processes from the Market Rules; and

- The proposed extension of the STEM Submission window will promote economic efficiency (Wholesale Market Objective (a)) by reducing the risks for Market Participants of not meeting the deadline for making a valid STEM Submission.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

The rule change proposal will have both IT and business system implications for Alinta. However, Alinta considers that these changes can largely be progressed within its current IT change program and does not represent significant additional cost or require additional resources to complete.

Further to this, the rule change proposal will require Alinta to update its internal procedures and its training documentation. As above, Alinta expects that these amendments will be incorporated into its business as usual activities.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

While Alinta has yet to see any specification documents on the changes to the submission formats, it expects the changes to be reasonable simple to implement from a participant perspective and will be able to implement the change within the time that AEMO requires.