

Wholesale Electricity Market Rule Change Proposal Submission

RC_2015_01

Removal of Market Operation Market Procedures

Submitted by

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Submissions on Rule Change Proposals can be sent by:

Email to: support@rcpwa.com.au

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

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

Documentation of load forecasting method and treatment of ramp rates

Synergy supports the proposed amendments to the head of power clause for the Balancing Forecast Market Procedure that would require AEMO to document the processes involved in developing Balancing Forecasts.

Transparency of these processes will be increasingly important as WA's electricity industry continues to evolve, and key inputs in the Balancing Forecasts – on both the supply and demand side of the equation – change significantly.

Improved transparency will help market participants understand how the market operator's forecasting methods adapt to and are limited by these changes.

As follows, Synergy considers that it would be beneficial if AEMO is required to document (in the Market Procedure) how its Balancing Forecast processes will deal with key inputs which are particularly prone to change, including load forecasts and ramp rates.

Load is a crucial determinant in the Balancing Forecast and increasingly difficult to predict with the rise of rooftop solar. Similarly, ramp rates are likely to become more dynamic with

the growing need to balance increasingly variable load and intermittent generation; and if Synergy gains the ability to vary its ramp rates on a facility basis as a result of the proposed facility bidding reforms.

AEMO documenting how it forecasts load and accounts for changing ramp rates in the Market Procedure will therefore be important in helping market participants better understand the limitations of Balancing Forecasts in WA's increasingly dynamic market; and how AEMO adapts its forecasting methods in response to these changes.

Minor drafting issues:

The explanation in the textbox above clause 7A.3.19A does not appear to align with the proposed change – i.e., the change does not appear to be required to 'reflect the transfer of functions from the IMO to AEMO'. Synergy suggests that a more specific explanation for the inclusion of additional matters in the Market Procedures would assist the future interpretation of the clause.

The proposed change to clause 7A.3.21 may be improved if it is reformed to clarify that AEMO is required to publish a new Balancing Forecast each Trading Interval each day, rather than at 6PM on the Balancing Market Commencement Day (i.e. 1 July 2012). The following drafting suggestion may achieve this:

"AEMO must, to the extent it is reasonably able within ~~the~~each Trading Interval, commencing at 6:00PM..."

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

Synergy considers that there is potential for the proposed change to better facilitate the achievement of the Wholesale Electricity Market objectives by improving the market's transparency. Improving market participants' understanding of Balancing Forecasts may improve market efficiency.

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.

Synergy does not expect to incur significant costs as a result of this rule change proposal.

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

Synergy does not expect to expend significant time in implementing any changes resulting from this rule change proposal.