

Wholesale Electricity Market Rule Change Proposal Submission

RC_2017_05: AEMO Role in Market Development

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

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's Draft Report for the *Rule Change Proposal: AEMO Role in Market Development (RC_2017_05)*.

Alinta is broadly supportive of the Rule Change Panel's proposed amendments to the Rule Change Proposal which seeks to clarify the nature and extent of AEMO's new functions, including the "light-handed, flexible approach that reflects the dynamic nature of the market and the discretionary and variable nature of other agencies' participation in market development" rather than prescriptively defining AEMO's role.

In noting this support, Alinta considers that it is important that the requirements under new clauses 2.5.1A and 2.5.1B do not delay the progression of manifest error type rule change proposals, which may require timely resolution. To that end, Alinta notes that AEMO or ERA could "consult" with the Market Advisory Committee (**MAC**) via email, as opposed to during a scheduled meeting – which could happen quite some time after the issue was identified.

Proposed drafting

Alinta notes that the proposed drafting for clause 2.3.1 is:

2.3.1. The Market Advisory Committee is a committee of industry representatives convened by the Rule Change Panel:

(a) **to advise** the Rule Change Panel regarding Rule Change Proposals;

(b) **to advise** the IMO, Rule Change Panel, AEMO (including in its capacity as System Management) and the Economic Regulation Authority regarding Procedure Change Proposals;

(c) ~~blank~~ **to consult with** AEMO and the Economic Regulation Authority on the development of Rule Change Proposals where requested by AEMO or the Economic Regulation Authority in accordance with clause 2.5.1A or 2.5.1B; and

(d) **to advise** the Rule Change Panel regarding matters concerning the evolution of these Market Rules.

[Alinta emphasis added]

Alinta does not understand why the MAC's role under sub-clauses (a), (b) and (d) is "to advise" whereas the role in new sub-clause (c) is for the MAC to "consult with". The different drafting convention indicates that this is a different role to that contemplated in the rest of clause 2.3.1. Alinta considers that the MAC's role in each of these sub-clauses is of the same nature, and as such, considers the drafting should be consistent throughout the clause.

Protected provisions

Alinta notes that new clauses 2.5.1A and 2.5.1B fall into an existing range of Protected Provisions in clause 2.8.13(b) of the Market Rules (i.e. "clauses 2.1 to 2.25").

While outside the scope of this Rule Change proposal, and, as identified at the November 2017 MAC meeting, Alinta considers that there is scope for a future review of the "Protected Provision" regime. The Wholesale Electricity Market Design Summary (24 October 2012)¹ states that:

Any rules that relate to issues where the IMO would face a possible conflict of interest were it to attempt to modify the Market Rules have been identified as "Protected Provisions". The IMO is not able to change those provisions without the Minister's approval of the amendment.

Given the significant changes to the institutional arrangements implemented by the former Government under the Electricity Market Review, including the implementation of the independent Rule Change Panel, Alinta considers that the "conflicts of interest" the Protected Provision regime was designed to address have largely dissipated.

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

Wholesale Market Objectives (a) and (d) are:

(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.

(d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system.

Alinta considers that, given greater clarity into AEMO's role in market development has been included in the proposed drafting, and AEMO will be able to appropriately recover its costs for performing such

¹ Available here: <https://www.aemo.com.au/-/media/Files/PDF/wem-design-summary-v1-4-24-october-2012.pdf>

tasks, then it is likely that the rule change proposal would likely better facilitate the achievement of Wholesale Market Objectives (a) and (d).

- 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.**

Any change to AEMO's functions, and subsequent increases to budget will be funded by Market Participants.

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

N/a
