![RCP Rule Change Panel logo]

Wholesale Electricity Market Rule Change Proposal Submission

RC_2017_06: Reduction of the prudential exposure in the Reserve Capacity Mechanism

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 (**RCP**) on its Call for Further Submissions for the Rule Change Proposal: *Reduction of the prudential exposure in the Reserve Capacity Mechanism (**RC_2017_06**)*.

As noted in its previous submissions Alinta supports the rule change proposal, particularly the amendment to reduce the period of time an Individual Reserve Capacity Requirement (**IRCR**) liability is held by three months. Alinta considers that this resolves an outstanding issue that the market has sought to deal with for a number of years.

Alinta understands that the Rule Change Panel has conducted a more detailed cost-benefit analysis following receipt of AEMO's updated estimates of time and cost to implement the Rule Change Proposal and that the proposal has a payback period of less than four years.

Alinta supports the full implementation of the Rule Change Proposal as set out in the Draft

Rule Change Report, dated 30 November 2017, despite the estimated implementation cost of $2.7M being higher than initial estimates.

Alinta considers that the Rule Change Panel's proposed alternative of simply increasing credit support by $69M across the market to cover the maximum IRCR-related prudential exposure is an inefficient solution that detrimentally impacts Wholesale Market Objectives (a), (b) and (d).