

Wholesale Electricity Market Rule Change Proposal Submission

RC_2018_02

K and U parameters in Relevant Level Methodology for 2018 Reserve Capacity Cycle

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.

Perth Energy considers the Australian Energy Market Operator's (AEMO) proposed changes to facilitate the deferral of the Economic Regulation Authority's three-yearly review of the Relevant Level Methodology are pragmatic.

Perth Energy supports the proposed changes to formally defer the ERA's review until 1 April 2019, in line with the ERA's current work plan, and allow the AEMO to use the most recent input factors in the calculations for the 2018 Reserve Capacity Cycle. Perth Energy also supports the proposed correction of manifest errors.

The AEMO's proposal will effectively shorten the review period to two years, rather than defer the review and retain its three-year cycle. Perth Energy notes that the effort and costs associated with this type of review are significant. Shortening the review cycle would increase the annualised cost of the review process, and long-term cost to Market Participants.

Perth Energy recommends that the three-year review period be retained. This can be achieved by the removal of the transitional arrangement in clause 1.17.5(d) of the WEM Rules and changing the date in clause 4.11.3C from 2015 to 2019.

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

Perth Energy considers that, subject to the comments above, the proposed amending WEM Rules would better achieve the Wholesale Market Objectives.

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.

Perth Energy will not be directly affected by this rule change proposal.

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

N/A
