

Wholesale Electricity Market Rule Change Proposal Submission

RC_2018_06

Full Runway Allocation of Spinning Reserve Costs

Submitted by

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Date submitted:	29 January 2018

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 BC WA 6849

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

Perth Energy supports the proposed change to implement full runway allocation of spinning reserve costs.

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

Perth Energy considers that the appropriate determination of, and allocation of, all ancillary services costs is essential to ensure cost reflectivity within the market. The present arrangement of discrete blocks for charging for spinning reserve is not efficient as it does not accurately assign costs to different generators.

Also, as outlined in the proposal, the present system has the perverse incentive of encouraging lower cost plant to throttle their output to avoid moving into a higher capacity block. This has the potential to restrict the amount of lower cost energy made available to the market though Perth Energy is uncertain just how significant this restriction of output actually is.

Perth Energy also supports this change as it focuses attention on the continuing need to ensure that all ancillary costs are calculated and assigned in the best manner. If this change is seen to be economical and effective it will encourage further changes to ancillary service charges.

- 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 does not anticipate that there will be any increases in costs for the company's operations.

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

This change will not require any changes so no time is required.
