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Energy Policy Western Australia
Level 1, 66 St Georges Terrace,
Perth, WA 6000

TRANCHE 6 PROPOSED WEM AMENDING RULES

Alinta Energy appreciates the opportunity to provide feedback on the sixth tranche of proposed amending rules to implement the Energy Transformation Strategy.

Alinta Energy raises the following issues and suggested solutions for EPWA's consideration.

Clarifying how DSOC is used in accreditation to avoid perceived risks

As raised in its submission on the 2021 ENAC reforms, Alinta Energy considers that it is uncertain how DSOC will influence capacity accreditation in the new WEM. Given that the definitions of "contracted capacity" and "DSOC" in the ENAC, Technical Rules and WEM Rules have not been amended in the transition to a constrained access network, it appears that whether contracted capacity is constrained or unconstrained will remain a consideration in accreditation, despite the introduction of the NAQ regime. Consequently, Alinta Energy perceives a risk that having its capacity constrained could impact its future Capacity Credit revenue.

To avoid this risk, Alinta Energy recommends reforming 4.10.1(bA)(iii) and 4.11.1(bA) to clarify that whether DSOC is constrained or unconstrained will not impact a facility's accreditation.¹ Given the new NAQ framework, Alinta Energy understands that DSOC serves only to verify that the facility has Western Power's permission to export up to the relevant level, regardless of whether it is contractually able to be constrained in the energy market. Alinta Energy suggests there is no need to consider whether the DSOC is constrained because the NAQ regime will assess whether there is enough network capacity to accommodate a facility's capacity, given the priority of existing facilities.

Removal of the ability for a Network Operator to be registered in more than one participant class may impact current market participants

As raised in its submission on the Tranche 5 amending rules, Alinta Energy recommends that EPWA reinstate clause 2.28.5 to avoid impacting current market participants. EPWA stated that this issue "will be considered and, if appropriate, addressed in the Tranche 6 Amending Rules."²

¹ Under the current rules, clause 4.10.1(bA)(iii) requires a facility seeking Certified Reserve Capacity to show that it has DSOC. And 4.11.1(bA) says that a Facility's CRC must not exceed its Declared Sent Out Capacity notified to AEMO under clause 4.10.1(bA)(iii). Both these rules will remain in the rules for the new market commencing 1 October 2021.

² [EPWA, Consultation Summary Paper](#) p.24

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Alinta Energy restates this recommendation below which includes an additional example of a Market Participant that is also a Network Operator.

Clause 2.28.5 was deleted in 2020 with the explanatory note that a Network Operator may only be registered in one Rule Participant class.

Clause 2.28.2 requires a person who owns, controls or operates a transmission system or distribution system which forms part of the SWIS, or is electrically connected to that system to register as a Rule Participant in the Network Operator class, unless, AEMO, under clause 2.28.3 exempts a person from registering as a Network Operator where it has determined that:

- it does not require information about the relevant network to ensure security and reliability are maintained; and
- no Registered Facilities owned or operated by a Market Participant are directly connected to the transmission system or distribution system.

There are instances where current market participants also hold an electricity transmission licence with the ERA whereby the deletion of clause 2.28.5 could be problematic. For example, as outlined in an ERA licensing notice³, Southern Cross Energy Partnership plans to install a 20MW solar farm near Mount Keith which will be connected to its existing network via a new 33kV distribution line, and an 8.5MW solar farm near Leinster which will be connected to its existing network via a new 66kV transmission line.

Alinta Energy notes that AEMO will likely require information about the above networks given the size of the solar farms at the end, and therefore that clause 2.28.2 won't apply in this instance.

The other similar scenario was the Southern Cross energy south system whereby TransAlta owns and operates a transmission network made up of 132kV and 66kV assets interconnecting the TransAlta assets to the SWIS at Boulder substation and connecting the Nickle smelter and Nickle operations to St Ives 132kV switchyard. TransAlta supplies energy to BHP Nickel West Operations

Additionally, as outlined in ERA's licensing notice⁴, Karara has a 106-kilometre, 330 kilovolt transmission line running from Western Power's Three Springs Terminal to the Karara mine site in the Mid-West region. Western Power supplies electricity to a single customer (Golden Grove mine site) through a second circuit on Karara's transmission towers.

Alinta Energy recommends EPWA consider reinstating clause 2.28.5, with the additional proviso:

Other than Western Power, a person registered as a Network Operator may be registered as a Rule Participant in another class or other classes.

Risk of unintended consequences in current GIA definition

While not part of the Tranche 5 rules, Alinta Energy has identified that the current definition of GIA Facility may inadvertently capture generators that were not part of the GIA and disincentivise upgrades until after the 2022 Reserve Capacity Cycle.

In the glossary of the companion rules, a GIA Facility is:

"A Facility that is, or will be, subject to an Arrangement for Access entered into or amended during the period, commencing 24 June 2017 and ending on the date and

³ [Notice \(erawa.com.au\)](#)

⁴ [Notice \(erawa.com.au\)](#)

time specified in clause 4.1.11 as amended or extended by AEMO under clause 1.36B.6(g) for the 2022 Reserve Capacity Cycle, under which the Facility is not entitled to unconstrained access to the relevant Network for all of its capacity."

Under this definition, a Facility that is not part of the GIA that upgrades their capacity and amends their Arrangement for Access for the 2022 cycle would become a GIA Facility. Per 4.1A, this Facility would cede its priority for NAQs and eligibility for CC Uplift Quantities for all its capacity, even if the upgrade is exceedingly small. This creates a significant disincentive for upgrades during the 2022 cycle and an incentive to defer until the 2023 cycle.

To avoid this, Alinta Energy recommends updating the GIA definition so that it does not capture the existing capacity of non-GIA Facilities where they make an upgrade.

Thank you for your consideration of Alinta Energy's further feedback in response to the analysis and conclusions presented in the 17 March 2022 RCM Review working group meeting.

Yours sincerely



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