

Energy Policy WA
Department of Energy and Economic Diversification
Attn: Director, Wholesale Markets

Via email: energymarkets@deed.wa.gov.au

Submission from the WA Expert Consumer Panel on Benchmark Technology Review Draft Determination

Thank you for the opportunity for members of the WA Expert Consumer Panel (ECP) to make a submission on the above consultation.

As a panel supported by the State Government's Western Australian Advocacy for Consumers of Energy (WA ACE) program, we are committed to improving consumer outcomes in the energy sector. We represent energy consumers on the Market Advisory Committee (MAC) and its working groups, and in other consultation processes relevant to consumers of energy in WA.

Initial Comments

ECP Members support the decision to set a dual-fuel Single Cycle Gas Turbine (SCGT) as the Benchmark Technology for both Flex and Peak capacity, while opposing any new build of gas-fired generation in practice.

The recommended option of a dual-fuel SCGT is seen as a practical compromise between costs, emissions outcomes, and meeting the reliability arm of the State Electricity Objective (SEO). The actual 'least-cost' option would be a diesel-only SCGT, but building such a plant would be a clear breach of the environmental limb of the SEO. However, it is important to note that all gas-fuelled generation is high-emissions technology.

ECP members are of the view that building new generation designed to sit around and barely ever be used (i.e., 'peaking plant') is an extremely inefficient use of resources, including specialist construction and engineering capacity, especially at a time when those resources need to be carefully managed for the efficient build-out of renewable energy generation.

With that said, the Benchmark Reserve Capacity Price (BRCP) is just an 'anchor point' for the capacity price curves and choosing a particular Benchmark Technology does not in any way mean more of that technology will be built.

Decarbonisation is an economy-wide goal supported by both State and Federal Government, and protected in practice by legislation at both State and Federal levels. There is no legal option to abandon the transition to net-zero, and certainly no moral one. Every kilogram of avoided emissions is valuable and should be measured and considered in decision making processes.

To quote the Intergovernmental Panel on Climate Change's [AR6 Synthesis Report](#): "The cumulative scientific evidence is unequivocal: Climate change is a threat to human well-being and planetary health. Any further delay in concerted anticipatory global action on adaptation and mitigation will miss a brief and rapidly closing window of opportunity to secure a liveable and sustainable future for all."

ECP members do support investment in long-duration storage to meet peak and flexible capacity requirements, including 7hr+ batteries, but we can not responsibly support the 26% higher BRCP that setting one as the Benchmark Technology would result in.

Everyday consumers are already struggling enough with the ongoing and expanding cost-of-living crisis, and every reasonable effort must be taken to avoid further increasing costs on consumers.

In addition, ECP members are pleased to see the intentional effort from Energy Policy WA to increase transparency around the process for determining the Benchmark Technology, and hope to see the same level of transparency provided around the BRCP determination process as well.

In regard to the key areas of input sought, ECP members are of the view that:

- Proposal A: *ECP members support the decision to set dual-fuel SCGT as the Benchmark Technology for both Flex and Peak capacity, while opposing any new build of gas-fired generation in practice.*

Given the current price disparity between the proposed technology and a 7hr battery is 26% - it is not unreasonable to think that battery project proponents may be able to make their investments 'stack up' by taking advantage of other market opportunities (such as ESS and arbitrage), and through efficiencies or technological advancement .

- Proposal B: *ECP members support the decision to retain a gross Cost Of New Entry (CONE) approach, given that any savings to consumers from a shift to net CONE are expected to be insignificant. In the current market dynamic which is dominated by uncertainty, it remains too risky to justify a shift to net CONE absent a clear expectation of significant savings to consumers.*

Final comments

It is important to note that the lack of a binding timeline for reducing emissions is the primary cause behind investors' lack of certainty in the current market.

A clear, year-by-year emissions reduction timeline out to the point at which real-zero emissions is achieved is an urgent and necessary step to permanently solve this problem.

The ongoing development of a Renewable Energy Mechanism via the Wholesale Investment Certainty Review Working Group is a welcome development, and we look forward to the implementation of an effective mechanism, backed by a strong emissions reduction timeline.

Thank you for considering this submission and please do not hesitate to contact us to discuss it further.

Sincerely,

WA Expert Consumer Panel members

Anne Hill, Chris Alexander, David Eaton, Kathryn Thorburn, Luke Skinner, Noel Schubert