

Mr Bobby Ditric
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Dear Mr Ditric

Thank you for the opportunity to provide a response to the Reserve Capacity Mechanism Position Paper (referred to as the Position Paper).

The Energy Efficiency Council (EEC) is the peak body for energy efficiency, energy management and cogeneration. Our members are Australia's top experts in these topics and help thousands of homes and businesses each year to save money.

The EEC commends Minister Nahan

The EEC recommends that the Government of Western Australia expedite the move towards an auction system for capacity, and that any transitional arrangements encourage the rational exit of the least economic forms of capacity, whether that capacity is supply-side or demand-side. To achieve this we recommend that the Government:

- Transition rapidly to an auction for the RCM;
- Rapidly harmonise requirements for conventional generators and portfolios of DSM. The EEC notes that the point of harmonisation for DSM must be on packages of service provision, rather than individual sites, as this is the functional unit of capacity. The functional unit of service provision is the organisation that is willing to provide capacity with the required characteristics, whether that is a single provider or an aggregator;
- Continue to allow compliant DSM and generation capacity in the RCM during any transition period; and

Analysis of data on the Australian Energy Market Operator's website indicates that almost 500MW of generation in the SWIS has been utilised for less than the 200 hours per annum that is proposed for DSM through harmonisation. In fact, six generators were utilised for less than 10 hours per annum (0.11 per cent of the year). However, the Position Paper is recommending that all generators be treated the same with regards to capacity, while DSM would be treated differently. This goes against the principle of technology neutrality.

The EEC supports the proposed shift to an auction mechanism for capacity, which we believe supports the objectives and principles outlined in the paper and the additional principles that we propose on page