

Wholesale Electricity Market Rule Change Proposal Submission

RC_2017_06: Reduction of the prudential exposure in the Reserve Capacity Mechanism

Submitted by:

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Reviewable decisions

The Rule Change Proposal seeks to replace the concept of an initial and updated IRCR with the concept of a monthly IRCR (clause 4.28.7). Under the proposed changes, the IRCR will be calculated retrospectively after the actual Trading Month it applies to, and an Indicative IRCR will be calculated before the relevant Trading Month.

As part of its Draft Rule Change Report, the Rule Change Panel sought feedback on whether clause 4.28.7 should remain a Reviewable Decision.

Alinta considers that, while the rationale for clause 4.28.7 being a Reviewable Decision may have changed due to the proposed amendments, the Public Utilities Office has a significant work plan for the coming years and amendments to the Reviewable Decision regime are not currently a high priority.

Alinta considers that the likelihood of spurious Reviewable Decision requests is low. This is due to the IRCR process allowing for any anomalies to be identified (i.e. between the Indicative IRCR and the actual IRCR processes). As such, Alinta recommends that clause 4.28.7 remain a Reviewable Decision until a more holistic review of Reviewable Decisions is undertaken, noting that such a review is a very low priority.

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

Alinta agrees with AEMO's assessment that the broader rule change, which seeks to