

Draft Statement of Policy Principles: Penalties for high emission technologies in the Wholesale Electricity Market

The Government is considering how to introduce penalties for all (i.e. incumbent and new) high carbon emission electricity generation technologies in the electricity market in the South West Interconnected System. This complements discussions about capacity mechanism design in other jurisdictions and incentives for connection of new renewable generation capacity.

The Coordinator of Energy (**Coordinator**) is already undertaking a review of the Reserve Capacity Mechanism (**RCM**) in the Wholesale Electricity Market (**WEM**). In accordance with clause 2.5.2 of the WEM Rules, the Minister for Energy is providing the following draft statement of policy principles to the Coordinator to consider this new policy:

The Coordinator is to:

1. progress the design and the implementation of the policy of introducing penalties for all (i.e. incumbent and new) high carbon emission electricity generation technologies in the WEM;
2. consider options and propose a preferred option for the application of the penalty, and its intersection with the RCM;
3. as part of the existing RCM Review, examine options of using the quantum of the penalties which may include incentives for