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Energy Policy Western Australia
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MARKET POWER MITIGATION STRATEGY | CONSULTATION PAPER

Alinta Energy appreciates the opportunity to provide a submission on the

While Alinta Energy broadly supports the principles of the proposed market power mitigation strategy, it:

- Does not support the proposed additional obligations for participants captured by the gateway test, considering that they may duplicate and interfere with requirements in the 2023 WEM Rules and add a significant compliance burden for unsubstantiated benefits.
- Does not support the gateway test, considering that it may be unnecessary and cause unintended consequences. Without imposing additional obligations, ostensibly, the test would only serve to focus the regulator's investigations. This may be duplicative given the effects test. It may also be misleading given that using concentration ratios risks overlooking participants with marginal capacity that are able to materially influence price outcomes despite not meeting the arbitrary threshold.
- Recommends that further consideration be given to the proposed bidding obligation and proposed guideline, noting that, as highlighted by the ERA, the greater challenge facing the market is that it will not provide enough revenue to justify investment in new low emissions generation and storage, and that the government's planned intervention to build 2000MWh of storage and 800MW of wind may exacerbate this issue.
- Recommends that the ESS price cap permit participants to price their enablement losses, noting that preventing this may further diminish the already inadequate signals to invest in storage and add significant complexity in exchange for potentially mitigating a risk that is likely to be disproportionately low.

These points are discussed in further detail below.

Alinta Energy considers that the additional obligations for participants captured by the gateway test may be unnecessary and add a material compliance burden.

This is because:

- 1) The paper does not clearly state what additional obligations will be applied and why they are necessary – i.e., what problems they would solve or benefits they would provide.

2) Additional

gateway test would only serve to focus the regulator on

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