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8 February 2023

Ms Dora Guzeleva
Director Wholesale Markets
Energy Policy WA
Email: energymarkets@dmirs.wa.gov.au

Dear Ms Guzeleva,

AEMO's submission to the Cost Allocation Review Consultation Paper

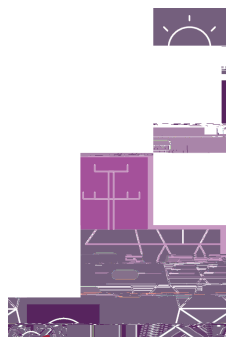
The Australian Energy Market Operator (AEMO) welcomes the opportunity to provide this submission in response to Energy Policy WA's (EPWA) Cost Allocation Review Consultation Paper (the Paper), published on 16 December 2022.

EPWA has requested feedback on the proposed cost allocation methods outlined in the Paper for Market Fees, relevant Frequency Co-optimised Essential System Services (Regulation, Contingency Reserve) and other Essential System Services (System Restart, Non-Co-optimised Essential System Services (NCE(estese7 0 T3- (ent)

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at the commencement and conclusion of the Dispatch Interval. As such, there is no incentive for Semi-Scheduled Facilities to meet their expected output, only to maintain a linear ramp to avoid Regulation costs. Where actual output deviates from expected output, and the Semi-Scheduled Facility maintains a linear ramp, the Regulation services to meet the Deviation Top (R) are