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Energy Policy WA
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**Cost Allocation Review**

The Australian Energy Council (the "**AEC**") welcomes the opportunity to make a submission on the Cost Allocation Review consultation paper ("**Consultation Paper**")[1] published by Energy Policy WA ("**EPWA**").

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The AEC agrees with this. Because specific benefits from changing the cost recovery method cannot be quantified, the AEC supports retaining the current method for allocating market services costs to Market Participants.

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[1] See Cost Allocation Review consultation paper
[2] See p10, Cost Allocation Review consultation paper

The Consultation Paper also contemplates how battery storage facilities, which both withdraws and injects energy, should be charged Market Fees. The Consultation Papers says, "to avoid "double counting" of Market Fees, storage facilities should simply be treated as a Market Generator (now termed a Market Participant in the WEM) and its recharge energy ignored for the purposes of Market Fee allocation."[3]

The AEC supports this position and agrees it is important that battery storage facilities are not double-charged.

**Proposal 2 – Regulation Raise and Lower**

The Consultation Paper identifies four methods for allocating frequency control costs in the WEM to better align with the causer-pays principle and provide more consistency with Wholesale Market Objectives. The Consultation Paper proposes to:

- *"Implement the WEM Deviation Method to allocate Frequency Regulation costs in 2024/25, following the implementation of the new WEM arrangements on 1 October 2023, subject to a cost/benefit assessment.*

- *Reassess adoption of the new NEM Causer-Pays Method to allocate Frequency Regulation costs in 2027, for potential implementation in 2028/29."[4]*

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