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Energy Policy WA

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Alinta Energy appreciates the opportunity to provide feedback on the proposals to improve the Supplementary Reserve Capacity Process.

We provide the following recommendations for EPWA's consideration:

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EPWA proposes to amend the WEM Rules to require AEMO to test every service subject to a Supplementary Capacity Contract as soon as practicable after entering into that contract. In the TDOWG, EPWA also proposed that self-testing may be considered, and that testing will not be compensated.

We recognise that the intent of this proposal is to avoid participants receiving contracts for disingenuous applications.

However, we consider that it may deter many good-faith applicants from offering at all because testing is likely to impose substantial additional costs on many providers, including demand-side providers that must cease operations.

While we understand that it would be ideal for AEMO to have maximum certainty of capacity being contracted, we note that the SRC mechanism is called in emergency shortfall situations and its ability to secure new capacity is extremely limited by its short timeframe and limited payments which are typically far from sufficient to support new capacity and many technology types. In addition, the SRC mechanism is limited by its short timeframe and limited payments which are typically far from sufficient to support new capacity and many technology types.



requirement, AEMO would prefer to negotiate and contract a supplier that is not willing to test without compensation, rather than having that participant not apply at all, having been deterred by the cost and obligations relative to the marginal payments.

We consider that AEMO could minimise the risk of disingenuous applications being contracted by prioritising which applications they progress based on their certainty. For example, applications could be ranked in the following order:

1. Participants willing to test without compensation.
2. Participants not willing to test without compensation.
3. Participants who have held capacity credits in the 2 past years.
4. Any other capacity

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The paper notes:

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We understand that the SRC price was lo