



Moonies Hill Energy Pty Ltd  
78 Pensioner Road Kojonup WA 6395 E: info@mhenergy.com.au  
PO Box 151 Kojonup WA 6395 W: www.mhenergy.com.au

9 December 2016

Economic Regulation Authority  
Level 4, Albert Facey House,  
469 Wellington Street, Perth WA 6000  
Attention: Lincoln Flindell

Dear Lincoln

**RE: Allowable Revenue and Forecast Capital Expenditure for the Australian Energy Market Operator – 2016/17 to 2018/19**

Moonies Hill Energy Pty Ltd (MHE) welcomes the opportunity to make a submission to the Economic Regulation Authority's (**Authority**) request for feedback on the Fourth Allowable Revenue (**AR4**) proposal submitted by the Australian Energy Market Operator (**AEMO**).

MHE has been working closely with Western Power over a number of years to progress the connection of the Flat Rocks wind farm Stage 1 development located 360km south of Perth. We have been frustrated by the various changes to the network access process and were disappointed to see the announcement from the Public Utilities Office that the Governments' proposed legislation did not pass for the constrained access reform to be implemented on 1 July 2018. This failure in the legislative process has left many project proponents and the State's electricity industry with an uncertain future unless an alternate solution can be established.

In discussions with Western Power MHE is aware of the proposal by AEMO to develop a new centralised dispatch engine capable of scheduling the dispatch of WEM generation in an economic manner, subject to network constraints. The central dispatch engine would also facilitate other local EMR reforms, such as co-optimised energy and ancillary service markets.

In the absence of access reforms promised under the constrained access legislation or the availability of the proposed central dispatch engine, Western Power will be severely limited in its ability to safely and securely connect new generation to the SWIS. This inability to connect new entrants is placing the State at a great disadvantage in terms of economic development and much needed participation in the energy transition. Many of the proposed projects are renewable facilities which are required to enable the Federal Large Scale Renewable Energy Targets to be met. Such projects could be used to satisfy WA and NEW based businesses ensuring the economic benefits come to Western Australia. At a time of high unemployment and a decline in the resources sector, the ability to participate in this energy boom is vital. Without the new central dispatch engine the ability to realise these benefits is limited.

Implementation of the constrained access regime under Phase 2 was seen as significant in terms of reducing barriers to entry and promoting competition within the wholesale and retail electricity markets. Connection of new generators would also place downward pressure on capacity prices providing a further benefit to West Australian consumers. Again without the implementation of new

central dispatch engine the State would not realise the significant net market benefits attributed to the connection of lower cost renewable facilities and the economic stimulus created by large infrastructure projects.

MHE would like to add its support to the AEMO allowable revenue submission and encourage the ERA to support the submission, specifically the 'Market Reforms' expenditure.

Yours sincerely

A solid black rectangular box used to redact the signature of Dr Sarah Rankin.

Dr Sarah Rankin

Managing Director

Moonies Hill Energy Pty Ltd