

Our ref: EDM 59921633  
Contact: Matt Veryard

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Sara O'Connor  
Assistant Director, Market Regulations  
Level 4, 469 Wellington Street  
PERTH WA 6000

Dear Sara,

**ERA Draft Determination on AEMO's allowable revenue and forecast capital expenditure proposal for the period 1 July 2022 to 30 June 2025**

Thank you for providing the opportunity for Western Power to provide feedback on the draft determination for the Australian Energy Market Operator's allowable revenue and forecast capital expenditure proposal (AR6) for the period 1 July 2022 to 30 June 2025.

Western Power acknowledges that the Western Australia power system is evolving quickly and managing the system is becoming increasingly complex, meaning AEMO requires a continued focus on maintaining power system security and reliability as the changes continue.

The new Wholesale Electricity Market (WEM) arrangements are the largest and most complex reforms to the Western Australian energy sector in well over a decade. Like AEMO, Western Power is an active participant in the WEM reform program currently underway. As part of this reform, Western Power are dependent on AEMO for the successful and timely delivery of several key projects to ensure our own compliance and continued readiness for the new WEM commencement and other regulatory deadlines.

Western Power is particularly dependent on AEMO's delivery of WEM procedures and technical specifications that are still to be created or updated due to the WEM reform changes. Western Power is also working closely with AEMO on several workstreams to deliver the WEM rules already gazetted and expected to commence at the new market start.

Our submission highlights some of the dependencies of AEMO's WEM reform works program on Western Power that may be impacted by the ERA's final determination.

These include (in no particular order):

- Transition to Security Constrained Economic Dispatch (SCED) - Western Power is working closely with AEMO through the provision of limit advice for both thermal and non-thermal network constraints to allow AEMO to develop constraint equations to ensure the dispatch of facilities through the WEM Dispatch Engine (WEMDE) reflects network limits. The transition to WEMDE will also allow the decommissioning of Western Power's Generator Interim Access tool which was originally expected to cover a short period between unconstrained access ceasing and the commissioning of AEMO's WEMDE system.



363 Wellington Street Perth 6000  
GPO Box L921 Perth WA 6842  
[westernpower.com.au](http://westernpower.com.au)



† 13 10 87  
f (08) 9225 2660  
TTY 1800 13 13 51  
TIS 13 14 50

Electricity Networks Corporation  
ABN: 18 540 492 861

- Generator Performance Standards - AEMO is integral to registering the generator performance standards process and provides ongoing support in relation to the standard or technical level of performance for new and existing transmission connecting generation systems under the new requirements in Chapter 3A of the WEM rules and Appendix 12.
- Changes to Outage Management and Outage Planning - Western Power undertakes thousands of outages annually, to deliver it is maintenance and asset renewal programs, that interact with AEMO's outage management system. Western Power is continuing to work closely with AEMO as it will be impacted by both changes to outage management processes and market systems.
- Distributed Energy Resources (DER) Orchestration – as the Distribution System Operator (DSO) in the SWIS, Western Power will play a critical role in both improving utilisation of the network and facilitating provision of services to the WEM, thereby improving the value of the grid and reducing energy costs for the community in the long term. Western Power will need to provide Dynamic Operating Envelopes (DOEs) to participating connection points to ensure such services can be dispatched without compromising the technical limits of the distribution network. One of the key inputs to Western Power calculating and publishing DOEs is increased visibility of the distribution network (in particular, LV networks). Western Power also recognises the importance of the DSO providing aggregate visibility of DER to AEMO to ensure they can appropriately forecast for and manage the impact of these resources on the power system and is continuing to work closely with AEMO to build the framework, systems, processes and interfaces to provide this.
- DER compliance – given the increased role orchestrated DER will play in the power system in the future, compliance of these smaller scale resources will be extremely important in ensuring ongoing performance and security of the power system. Western Power highlights the criticality of establishing an ongoing compliance framework (as per Action 4 of the DER Roadmap).
- Market Settlement - Western Power is impacted by the reforms to both weekly and 5-minute settlement that increase the frequency of settlement to align settlement of market transactions with the frequency of dispatch in the WEM. Both reforms increase the volumes of data provision from Western Power to AEMO and there are significant lead times required to deliver systems and hardware prior to revised settlement commencement dates.

Whilst Western Power acknowledges that the ERA will apply appropriate rigour in evaluating the AEMO AR6 proposal, in Western Power's view the successful and timely delivery of AEMO's reform program is critical for Western Power and its customers to realise the broader benefits of the market reform.

If you have any queries, please contact Matt Veryard on 9326 4898.

Yours sincerely

**Zahra Jabiri**

Head of Regulation and Investment Assurance