

Consultation: Energy Offer Price Ceiling 2024 - Draft determination

Are you submitting as an individual or on behalf of an organisation?: Organisation

Organisational name: NewGen Power Kwinana

Full Name: [Redacted]
Email: [Redacted]
Telephone: [Redacted]

Comments: NewGen Power Kwinana (NPK) welcomes the opportunity to provide comments on “Energy Offer Price Ceiling 2024 – Draft Determination”, released by the Economic Regulation Authority (Authority) on 8 April 2024.

NPK offers the below observations for consideration by the Authority.

As described by the Authority in the Draft Determination, The change in wording of how the Energy Offer Price Ceiling is determined means that The Authority must determine a price by using the heat rate at the facilities ‘minimum dispatchable loading level’. This data is sourced from each facilities Standing Data submission to AEMO instead of ‘Minimum Capacity’ used in the previous WEM rules. The Authority has indicated that if ‘Minimum Capacity’ was used in line with the previous wording, the price determination would likely be \$800/MWh. By essentially doubling the Energy Offer Price Ceiling and given high prevalence of price ceiling events in the Real Time Market, this change will likely lead to a direct increase in the cost of Energy and Essential System Services in the broader context of already increasing cost.

The use of Merredin PS’ minimum dispatchable loading level to set the Energy Offer Price Ceiling is also counter intuitive and can potentially be considered an outlier. NPK questions whether it would be more appropriate to consider a facilities minimum stable generation as this would most likely be the expected dispatch of any facility when there is a shortfall in Energy and a facility is required to synchronise.

Whilst it’s understood a Rule Change may be necessary to change the outcome of the Energy Offer Price Ceiling review, NPK suggests the Final Determination should be deferred to allow for a potential rule change.

Document 1:

Document 2:

Document 3:

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