



21 October 2021

Mr David Reynolds & Stuart Morrison
Project Leaders
Australian Energy Market Commission

Submitted via the AEMC Website

ERC0306 – Capacity Commitment Mechanism and Synchronous Services Market – Directions Paper

Alinta Energy welcomes the opportunity to respond to the Commission's Directions Paper to the Capacity Commitment Mechanisms and Synchronous Services Market rule change requests. We are an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3,000MW and a retail book comprising more than 1.1 million electricity and gas customers. In response to the ongoing NEM market transition, Alinta Energy supports the efficient use and scheduling of non-energy essential system services (ESS).

Alinta Energy supports the premise of the discussion outlined in the Directions Paper which provides a helpful and articulate explanation of the transitional role of ESS and how they can be unbundled and brought to market, the current state of engineering knowledge, planning and forecasting processes, and the necessary balancing act between Market Ancillary Services (MAS) and Non-market Ancillary Services (NMAS).

We also acknowledge and share the ongoing concern that AEMO Directions have been rising in a disturbing trend over the last several years and note that its current use has not remained in line with its objective. AEMO directions should only be used as a last resort measure to directly procure services where the market, given sufficient notice and an ability to act, has been unable to voluntarily deliver it.

Alinta Energy supports the delivery of ESS as a MAS wherever possible. However,

we also recognise that structured procurement of specific ESS will be necessary as an enduring or interim solution in certain circumstances where it may be difficult to accurately value or operationalise the service, or where a localised or specific services (with lower frequency/volume) are required. However, we encourage the AEMC to ensure a continuous improvement framework is inserted into the National Electricity Rules for ESS which promotes and enables the transition from NMAS to MAS where existing barriers can be resolved. This ongoing review should be conducted by the AEMC with operational and independent technical expertise as appropriate. We believe the AEC's solution to inertia¹ is a primary example of how a previously unbundled service viewed through a NMAS lens can be revisited as a workable MAS solution.

Alinta Energy supports the broader views outlined in the AEC's submission to this Directions Paper including its position on the requirement that services undergo a process of technical specification in advance of being assigned MAS or NMAS status, to ensure that it delivers against the operating technical envelope in an efficient, economical manner to promote competition, incentive new investment service capability as older incumbent plant retires, and is delivered at lowest cost to consumers.

Should you wish to discuss our views further, please contact me on 0475 943 365 or at Dan.Mascarenhas@alintaenergy.com.au.

Yours Sincerely

Dan Mascarenhas
Wholesale Regulatory Manager

¹ https://www.energycouncil.com.au/media/4irjofwn/aec-inertia-market-options-marketwise-solutions_20210831.pdf