



31 August 2023

Shannon Culic  
Project Lead  
Australian Energy Market Commission  
Sydney NSW 2000  
By online submission

### **Operating Reserve Market, 2023 Directions paper**

Alinta Energy welcomes the opportunity to provide feedback to the AEMC's directions paper in this matter.

#### **The decision on an operating reserves market**

Alinta Energy notes the AEMC's rationale (as set out in section 4 of the directions paper) for not proceeding with an operating reserve service and agrees that there is insufficient evidence that, given appropriate market price settings, the spot market cannot provide an adequate price signal for the provision of in-market reserves. Alinta Energy considers that even if such price signals were insufficient, given the likely complexity and cost of implementation of a co-optimised operating reserve market, there are more pressing issues that should be addressed first; such as market-based incentives for the provision of ancillary services such as inertia and system strength that are not otherwise incentivised under the current market design.

#### **Incremental reforms**

Alinta Energy supports the AEMC in progressing work towards the provision of greater transparency for energy-limited plant. This information will be an important aspect of the future NEM which is anticipated to incorporate much greater levels of such plant.

Alinta Energy does not object to the AEMC exploring the possibility of enshrining the procurement of FCAS at a regional level in the rules, where it can be shown to reduce the need for investment in transmission infrastructure, noting that AEMO already has the flexibility to determine requirements at the regional level.

#### **Other matters**

AEMO may need guidance or bespoke tools, not just to assess storage levels of energy-limited plant in operational timeframes, but to help make better decisions on the relative cost of interventions as required under NER 3.8.14 with respect to energy-limited plant. For example, how should compensation for a battery that is directed to charge and maintain its charged state over time be determined?

If you would like to discuss this, please contact me at [hugh.ridgway@alintaenergy.com.au](mailto:hugh.ridgway@alintaenergy.com.au).

Yours sincerely,

**Hugh Ridgway**  
Wholesale Regulation Manager