

ENERGY SECURITY BOARD CONGESTION TWG

SESSION NUMBER 3

1 March 2022





WORKING GROUP PROTOCOL

Attendees at this meeting must not enter into any discussion, activity or conduct that may infringe, on their part or on the part of other members, any applicable competition laws. For example, members must not discuss, communicate or exchange any commercially sensitive information, including information relating to prices, marketing and advertising strategy, costs and revenues, terms and conditions with third parties, terms of supply or access.

Please note that participating in these discussions is subject to you having read and understood the Protocol including the Key Principles. If you have not yet done so, please do so now. A copy of the protocol was sent to you via email.



TODAY'S OBJECTIVE

- The primary purpose is to narrow down the options that we recommend are taken forward into the next stages of work



AGENDA

Item	Time
Welcome, objectives and agenda	2:00
Updated Objectives and Assessment Criteria	2:05
Discussion of Mural outputs	2:20
Discussion: the most prospective model elements for further work	2:45
Confirming where we have landed – key messages	3:45
Next Steps	3:55
Close	4:00



UPDATED OBJECTIVES AND ASSESSMENT CRITERIA



DISCUSSION OF MURAL OUTPUTS



DISCUSSION: FINDING THE MOST PROSPECTIVE MODEL ELEMENTS FOR FURTHER WORK



WE RECOGNISE TWO TIME-FRAMES FOR DESIGN – INVESTMENT TIMEFRAME (1/2)

Some core questions:

- How do we encourage generators to connect in places that is consistent with the efficient long-term development of the power system?
- How do we give investors confidence that their project's business case will not be eroded due to the “beggar thy neighbour” features of the current market design?
- What do we do about generators who are already there?
 - How do we strike the right balance between new entrants and incumbents?
 - How do we make sure that the framework does not encourage end-of-life generators to hang around?
- How do we decide which parts of the system are full?
 - How do we take account of different output profiles?
 - How do we take account of network interdependencies (where available capacity in one part of the system is affected by developments elsewhere)?
 - What happens to threshold cases?



WE RECOGNISE TWO TIME-FRAMES FOR DESIGN – INVESTMENT TIMEFRAME (2/2)

Some core questions:

- What options are available for generators who wish to locate in places that are full?
- What process do we use to decide who receives the access protection?
 - What factors are relevant to the decision?
- Do recipients need to pay for access protection?
 - If so, how do we decide how much?

WHAT ARE SOME OTHER CORE QUESTIONS?



WE RECOGNISE TWO TIME-FRAMES FOR DESIGN – OPERATIONAL TIMEFRAME

Some core questions:

- How do we encourage storage providers (and flexible loads) to locate in places where they can relieve transmission congestion?
- How do we make sure that we dispatch the cheapest available combination of resources to meet demand?
 - How do we avoid higher marginal cost resources being dispatched ahead of lower marginal cost resources due to race to the floor bidding?
 - How do we make it profitable for storage/flexible loads to charge (and alleviate congestion) when prices are high?
 - How do we avoid clamping without imposing costs on customers?

WHAT ARE SOME OTHER CORE QUESTIONS?



SUGGESTION FOR DISCUSSION

- Taking into account the TAR Objectives, is there scope to refine the number of alternative models that we take forward based on discussions to date?
- The models put forward are:
 - Congestion relief market
 - Locational connection fees
 - CEIG grid access reform proposal
 - Shaped MLFs
 - Dual price floors
- Revised tie breaker rules
- Physical caps on connection (State-based REZ models)
- PIAC REZ model.



DISCUSSION: FINDING THE MOST PROSPECTIVE MODEL ELEMENTS FOR FURTHER WORK

- Bearing in mind various inputs e.g. Mural work, Objectives and Assessment Criteria, the related ideas from submissions, the CMM, the core questions **What are the most prospective design elements we might bring into the next phase of work?**



CONFIRMING WHERE WE LANDED TODAY – KEY MESSAGES



NEXT STEPS

- Capture comment on the Objectives and Assessment Criteria
- ESB Project Team to prepare for TWG on 17th March where it will share its thoughts on the model elements to be taken into the next phase; presentation on the WA Physical Access Model
- Subsequent TWG discussion to debrief on the public seminar on 1 March 2022
- Other?



THANKS AND CLOSE