



 **westernpower**

Impact of constrained access on MRCP

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Unconstrained versus Constrained Access

- The current framework for connecting to a network in the South West Interconnected System (specifically the Western Power network) is one of unconstrained access for generators.
- This can require significant capital contributions toward deep network augmentation - to preserve the unconstrained access rights of other users, whilst also providing capacity for their needs.
- The adoption and integration of the broad NER package provides a framework for constrained access, and places the onus on the NSP and the market operator to deliver open access
- This will fundamentally alter the way in which generators are charged for connection, and removes the requirement for individual customers to directly fund deep augmentation costs

Maximum Reserve Capacity Price (MRCP)

The methodology for the Maximum Reserve Capacity Price^[1] includes Total Transmission Costs, which are defined as:

“the costs to directly connect a generator to the transmission network and to augment the shared transmission network to accommodate the capacity of that generator”

This cost estimate includes both connection costs and any requirements to augment the network to support unconstrained access, as follows:

- i. all transmission connection works required to connect from the high voltage (HV) bus bar (or in the absence of a HV bus bar, the HV circuit breaker or terminals of generator step-up transformers) to the shared transmission network (including all miscellaneous costs such as procuring land easements etc.); and

- ii. all transmission works to reinforce the shared transmission network where required in accordance with the Access Code and the Technical Rules.

[1] <http://wa.aemo.com.au/docs/default-source/default-document-library/market-procedure-for-maximum-reserve-capacity-price.pdf?sfvrsn=0>

AEMO Methodology for MRCP

Section 2.4 of the AEMO methodology describes the process for calculating these costs. Whilst the definition and the methodology includes a component of shared transmission augmentation – the calculation is reliant on actual costs.

However, where actual costs are not available, step 2.4.1b states:

“For years for which no historic capital contribution data or Access Offers for relevant generators are available, a connection cost must be calculated on the basis defined in step 2.4.2. For this purpose it is assumed that the costs of the works described in step 2.4.2 are fully borne by the connecting generator and **the cost to reinforce the shared transmission network is assumed to be zero.**”

Practical Implementation

The practical implementation of the calculation has thus excluded any deep augmentation costs in recent years due to:

- There being no actual projects that meet the requirements for inclusion since approximately 2009, and
- The procedure dictating that where actuals are substituted, deep augmentation costs are excluded

As a result, the move to a constrained market is not likely to impact this aspect of the MRCP calculation in any way.

It should be noted that the removal of TUOS charges in RCP1 will necessitate removal of access charges from the MRCP.