
Wholesale Electricity Market Rule Change Proposal Form

Change Proposal No: RC_2010_24
Received date: 3 August 2010

Change requested by:

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Date submitted:	3 August 2010
Urgency:	2-medium
Change Proposal title:	Adjustment of Relevant Level for Intermittent Generation Capacity
Market Rule(s) affected:	4.11.3A

Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Independent Market Operator.

This Change Proposal can be posted, faxed or emailed to:

Independent Market Operator

Attn: Manager Market Development and System Capacity
PO Box 7096
Cloisters Square, Perth, WA 6850
Fax: (08) 9254 4339
Email: market.development@imowa.com.au

The Independent Market Operator will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

Details of the proposed Market Rule Change

1. Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:

Market Rule 4.11.1(d) requires that the IMO assign Certified Reserve Capacity for a Non-Scheduled Generator based on its "Relevant Level", which is to be determined in accordance with Market Rule 4.11.3A.

The methodology set out in Market Rule 4.11.3A is as follows.

- (a) Take all the Trading Intervals that fell within the last three years up to, and including, the last Hot Season.
- (b) Determine the amount of electricity (in MWh) sent out by the Facility in accordance with metered data submissions received by the IMO in accordance with clause 8.4 during these Trading Intervals.
- (c) If the Generator has not entered service, or if it entered service during the period referred to in step (a), estimate the amount of electricity (in MWh) that would have been sent out by the facility, had it been in service, for all Trading Intervals occurring during the period referred to in (a) which are prior to it entering service.
- (d) Set the Relevant Level as double the sum of the quantities determined in (b) and (c) divided by 52,560.

To the extent that a Market Participant receives (downward) dispatch instructions from System Management under Market Rule 7.7.1 in respect of a Facility that is an Intermittent Generator, and the Market Participant confirms its ability to comply with the Dispatch Instruction, the amount of electricity sent out by the Facility, as measured by meter data submissions received by the IMO, will be lower than would have been the case in the absence of the Dispatch Instruction.

Further, to the extent that a Facility that is an Intermittent Generator has a Planned or Consequential outage, the amount of electricity sent out by the Facility, as measured by meter data submissions received by the IMO, will be lower than would have been the case in the absence of the Planned or Consequential outage.

As a result, the Relevant Level, and the Certified Reserve Capacity assigned to a Facility that is an Intermittent Generator, will be lower than would have been the case in the absence of the Dispatch Instruction, Planned Outage or Consequential Outage.

To the extent that the Certified Reserve Capacity assigned to a Facility that is an Intermittent Generator is reduced due to Dispatch Instructions from System Management, Planned Outages or Consequential Outages, the assigned Certified Reserve Capacity is not consistent with the capacity contribution that the Facility can make and the Market Participant is disadvantaged financially.

2. Explain the reason for the degree of urgency:

It is proposed that the Rule go through the Standard Rule Change process as it will not be utilised until the next Certification period.

3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strike through~~ where words are deleted and underline words added)

4.11.3A. The Relevant Level in respect of a Facility at a point in time is determined by the IMO following these steps:

- (a) take all the Trading Intervals that fell within the last three years up to, and including, the last Hot Season;
- (b) determine the amount of electricity (in MWh) sent out by the Facility in accordance with metered data submissions received by the IMO in accordance with clause 8.4 during these Trading Intervals;
- (c) If the Generator has not entered service, or if it entered service during the period referred to in step (a), estimate the amount of electricity (in MWh) that would have been sent out by the facility, had it been in service, for all

Trading Intervals occurring during the period referred to in (a) which are prior to it entering service;

- (cA) If evidence is provided by the Market Generator that during the period described in step (a), the amount of electricity (in MWh) sent out by the Facility was reduced because the Facility complied with a Dispatch Instruction from System Management, or because of a Planned Outage or a Consequential Outage, estimate the amount of electricity (in MWh) that would have been sent out by the facility, had it not complied with the Dispatch Instruction or been affected by a Planned Outage or a Consequential Outage.
- d. set the Relevant Level as double the sum of the quantities determined in (b), ~~and (c)~~ and (cA) divided by 52,560.

4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The objectives of the market are:

- (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;
- (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;
- (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions;
- (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

The quantity of Certified Reserve Capacity assigned to a Facility that is a Scheduled Generator is not affected by Dispatch Instructions from System Management, Planned Outages or Consequential Outages.

Consequently, a Market Participant with a Facility that is an Intermittent Generator is discriminated against, and because the effect of Dispatch Instructions, Planned Outages or Consequential Outages are to unambiguously decrease the quantity of Certified Reserve Capacity assigned to a Facility that is an Intermittent Generator, is financially disadvantaged by the Market Rules.

As a result, Alinta considers that the proposed amendments to Market Rule 4.11.3A outlined in section 3 are necessary to support Market Objective (c), as it avoids discrimination against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions.

Alinta also considers that the amendments to Market Rule 4.11.3A outlined in section 3 are consistent with Market Objectives (a), (b) and (d), and are not inconsistent with Market Objective (e).

5. Provide any identifiable costs and benefits of the change:

As noted above, a benefit of the proposed amendments to Market Rule 4.11.3A outlined in section 3 is that Market Rules will no longer discriminate against a Facility that is an Intermittent Generator, and will therefore also no longer be financially disadvantaged by the Market Rules.

The proposed amendments to Market Rule 4.11.3A require the Market Participant to provide evidence to the IMO that the amount of electricity (in MWh) sent out by the Facility was reduced because:

- the Facility complied with a Dispatch Instruction from System Management; or
- a Planned Outage; or
- a Consequential Outage

As a result, Alinta expects that there may be a slight increase in the administrative costs incurred by Market Participants and the IMO during the certification process in respect of facilities that are Intermittent Generators.
