
Wholesale Electricity Market Rule Change Proposal Form

Change Proposal No: RC_2008_26

Received date: 28 August 2008

Change requested by

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Date submitted:	28/08/2008
Urgency:	Low
Change Proposal title:	Introducing Consistency Between Clauses 4.12.1 and 4.26.2 of the Market Rules
Market Rule(s) affected:	4.12.1

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: Dora Guzeleva, Manager Market Administration
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

Email: marketadmin@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.
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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 Participant Reserve Capacity obligations are set out in clause 4.12.1. Obligations under sub-clauses (a) and (b) are set out in more detail in clause 4.26.2. In December 2006 and July 2007 changes were made to clause 4.26.2 where on both occasions corresponding changes were not made to clause 4.12.1. This proposal is to modify clause 4.12.1 so that it is consistent with clause 4.26.2.

Clause 4.26.2 calculates the capacity made available to the market by market generators including those also registered as Market Customers and determines any shortfall from Reserve Capacity obligations. The components used in the calculation include:

- a. the MW equivalent of the Capacity Credits held by the Market Participant in its Interruptible Loads and Curtailable Loads;
- b. the MW equivalent of the net energy sent out by the Market Participant as determined from its Net Contract Position;
- c. the MW equivalent of the STEM offers not scheduled and the MW equivalent of the STEM bids scheduled;
- d. if there is no STEM submission, then substituting (c) above with the MW equivalent of the Market Participant's own demand as indicated in its Resource Plan;
- e. the capacity set aside from the STEM to provide ancillary services; and
- f. capacity not covered in the STEM submission because of forced outage but made available in real time.

The purpose of the changes to sub-clauses 4.12.1(a) and (b) is to make the obligations contained therein consistent with the requirements set out in clause 4.26.2.

2. Explain the reason for the degree of urgency:

Not urgent.

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

4.12.1. The Reserve Capacity Obligations of a Market Participant holding Capacity Credits, are as follows:

(a) a Market Participant (other than the Electricity Generation Corporation) must ensure that for each Trading Interval:

- i. the aggregate MW equivalent of the quantity of Capacity Credits held by the Market Participant applicable in that Trading Interval for Interruptible Loads and Curtailable Loads registered by the Market Participant; plus
- ii. the MW quantity calculated by doubling the net ~~total~~ MWh quantity of energy to be sent out during the Trading Interval by Facilities registered by that Market Participant, ~~as indicated in the applicable Resources Plans;~~ plus
 - iiA if a STEM submission does not exist for that Trading Interval, the MW quantity calculated by doubling the total MWh quantity of energy to be consumed by that Market Participant including demand associated with any Curtailable Load or Interruptible Load, but excluding demand associated with any Dispatchable Load, during that Trading Interval as indicated in the applicable Resource Plan; plus
- iii. the MW quantity calculated by doubling the total MWh quantity covered by STEM Offers which were not scheduled and the STEM Bids which were scheduled in the relevant STEM Auction determined by the IMO for that Market Participant under clause 6.9 for that Trading Interval, corrected for loss factor adjustments so as to be a sent out quantity; plus
- iv. capacity expected to experience a forced outage at the time that STEM submissions were due which becomes available in real time,

is not less than the total Reserve Capacity Obligation Quantity for that Trading Interval for Facilities registered by the Market Participants, less double the total MWh quantity to be provided as Ancillary Services as specified by the IMO for that Market Participant in accordance with clause 6.3A.2(e)(i).

(b) the Electricity Generation Corporation must ensure that for each Trading Interval:

- i. [Blank]
- iA. the aggregate MW equivalent of the quantity of Capacity Credits held by the Electricity Generation Corporation applicable in that Trading Interval for Interruptible Loads and Curtailable Loads registered by the Electricity Generation Corporation; plus
- ii. the MW quantity calculated by doubling the total MWh quantity which the Electricity Generation Corporation is selling to other Market Participants as indicated by the

applicable Net Contract Position of the Electricity Generation Corporation, corrected for loss factor adjustments so as to be a sent out quantity; plus

- iii. the MW quantity calculated by doubling the total MWh quantity covered by STEM Offers which were not scheduled and the STEM Bids which were scheduled in the relevant STEM Auction determined by the IMO for the Electricity Generation Corporation under clause 6.9 for that Trading Interval, corrected for loss factor adjustments so as to be a sent out quantity; plus
- iv. capacity expected to experience a forced outage at the time that STEM submissions were due which becomes available in real time,

is not less than the total Reserve Capacity Obligation Quantity for the Electricity Generation Corporation for that Trading Interval, less double the total MWh quantity to be provided as Ancillary Services as specified by the IMO for the Electricity Generation Corporation in accordance with clause 6.3A.2(e)(i).

- (c) the Market Participant must make the capacity associated with the Capacity Credits provided by a Facility applicable to a Trading Interval, up to the Reserve Capacity Obligation Quantity for the Facility for that Trading Interval, available for dispatch by System Management in accordance with Chapter 7.

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

The proposal supports market objective (a):

(a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.

This proposed Rule Change is required to improve clarity and remove uncertainty surrounding the application of the Rules and is therefore expected to enhance efficiency in the operation of the market.

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

No costs have been identified as part of this Rule Change Proposal.

It is expected that the proposed rule change will improve consistency between clauses 4.12.1 and 4.26.2 of the Market Rules.
