



Agenda Item 4a: Background to Griffin's Rule Change Proposal RC_2008_35: Capacity Refund Mechanism – New Generators

On 30 September 2008 Griffin Energy submitted a pre-rule change discussion paper which recommended that a change be made to the capacity refund table to facilitate the entry of new generators into the market. The paper was discussed at the last MAC meeting on 8 October 2008. A range of views and alternative solutions were aired at this meeting.

After some deliberation on the merits of the proposal, the Chair directed the members' attention to the fact that Griffin Energy intended that the paper be progressed via the fast-track mechanism. The Chair posited that legal advice needed to be sought on whether Griffin Energy's paper could be fast-tracked which would entail an assessment against either one of the three fast-track conditions as outlined in clause 2.5.9.

The IMO's legal advice found that neither Griffin's pre-rule change discussion paper (nor Griffin's amended paper which was submitted to the IMO on 14 November 2008) satisfied any of the requirements outlined under clause 2.5.9. It is therefore IMO's opinion that this Rule Change Proposal will not be subject to the Fast track Rule Change Process. Griffin's paper was published as a rule change proposal (under the standard rule change process) on the IMO web site on 26 November 2008.

In addition, the IMO determined that given the complexity of the matter, it would be appropriate to reconvene the Reserve Capacity Refund Mechanism Working Group to ensure that sufficient consideration is given to the complexities and financial implications associated with the rule change proposal. The first meeting of the Reserve Capacity Refund Mechanism Working Group is scheduled to take place from 2-4pm on Wednesday 17 December 2008.

Appendix 1: IMO's letter to Griffin re fast-track progression of proposed rule change

Appendix 2: RC_2008_35: Capacity Credit Refund Mechanism- New Generators