
Wholesale Electricity Market - Rule Change Proposal Form

Submitted by

Name:	Jenni Conroy
Phone:	93264661
Fax:	93266152
Email:	Jenni.conroy@synergyenergy.com.au
Organisation:	Synergy
Address:	363 Wellington St Perth
Date submitted:	3 May 2007
Urgency:	2-medium
Change Proposal title:	Requirements for Registration as a Market Participant
Market Rule(s) affected:	2.28.6 to 2.28.8 (inclusive)

Introduction

This market rule change proposal advocates the amendment of the threshold requirements to register as a Market Generator to make provision for exemptions for generators who export only a small volume of energy. Under this rule change, and subject to satisfying the requirements outlined therein, these generators will no longer be required to register as a Market Generator, but will instead be treated as a non-scheduled generator.

This change will ensure the equitable accommodation of small, embedded generators within the Wholesale Electricity Market (WEM) design.

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:

Under the current WEM rules, small generators who have installed capacities greater than 10MW are required to register as a Market Generator. In many cases these small generators only export a limited amount of energy, but provide a valuable service to the network during system events.

The requirement to register as a Market Generator is significantly onerous, bringing with it a substantial degree of risk. These include, but are not limited to, the requirement to register and manage Standing Data; the need for adequate market based systems; and the need to meet prudential and settlement requirements. Clearly, the market knowledge required to operate in

this environment, and to successfully mitigate market-based risks, effectively prohibits small generators from participating in the WEM.

2. Explain what the degree of urgency is for the Rule Change and why:

Several small generators have been granted temporary exemption to register as a Market Participant, pursuant to clause 2.28.26 and 2.29.9 of the WEM rules. This rule change must be expedited prior to the lapse of these exemptions. Notwithstanding this, further interim exemptions may be required to accommodate the period of the rule change process.

3. Provide potential specific changes to particular Rules and how the proposed Rule Change would address the concern identified at (1):

The following rule changes are proposed:

Amendment to clause 2.28.6 as follows:

2.28.6. Subject to clauses 2.28.8A and 2.28.16, a person who owns, controls or operates a generation system which has a rated capacity that equals or exceeds 10 MW and is electrically connected to a transmission system or distribution system which forms part of the South West Interconnected System, or is electrically connected to that system, must register as a Rule Participant in the Market Generator class.

Insertion of a new clause, between the existing clauses 2.28.8 and 2.28.9.

2.28.8A. Without limiting the generality and the operation of clause 2.28.16, a person who owns, controls or operates a generation system which has a rated capacity that equals or exceeds 10 MW and is electrically connected to a transmission system or distribution system which forms part of the South West Interconnected System, or is electrically connected to that system, may, but is not required to, register as a Rule Participant in the Market Generator class where all of the following are satisfied:

- (a) positive MWh quantities measured by the interval meter associated with that generation system are not expected to exceed 5 MWh in a Trading Interval;
- (b) negative MWh quantities measured by the interval meter associated with that generation system are not expected to increase by more than 5 MWh in a Trading Interval in the event of an outage of that generating system; and
- (c) System Management informs the IMO that it has determined that it does not require information about the relevant generation system to maintain Power System Security and Power System Reliability; and

- (d) The meter measuring the generation system remains registered by an existing Market Customer.

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

The key objectives for the WEM, as enshrined in the *Electricity Industry Act 2004 (WA)* include:

..”to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors; (and)...(to)....avoid discrimination in that market against particular energy options and technologies..”

The WEM Rules as they are currently written place onerous requirements on small generators vis-à-vis the requirement to be a registered Market Generator. Where such generators only make limited exports to the network, the costs and risks associated with being a registered Market Generator effectively prohibit their participation in the WEM. Promulgation of this rule change proposal will go some way towards ensuring that the WEM design does not discriminate against these participants.

Additionally, the standby services made available by some small, embedded generators during system events provides an invaluable service to the network. From an economic perspective, the provision of this service has the potential to minimize the long-term cost of electricity supplied to customers from the South West Interconnected System.

This proposal therefore enhances the ability of the WEM to deliver against its objectives by:

- Avoiding discrimination in the market against a particular energy option or technology; and
- Increasing WEM efficiency

5. Outline identifiable costs and benefits of the change:

Costs

No tangible increase in costs will result from this proposal.

Benefits

The WEM will have access to a greater diversity of generation sources. It is difficult to quantify the value of this to the WEM and to the end use customer.

There will also be considerable savings to small generator’s cost structures. These savings are derived from the fact that these generators will no longer be required to develop and carry significant market based technical capabilities.

Change Proposal No: RC_2007_04

Received date: 3 May 2007