

Dora Guzeleva
Manager Market Administration
Independent Market Operator
Level 22 The Forrest Centre
221 St Georges Tce
Perth WA 6000



Alinta Sales Pty Ltd
ABN 92 089 531 984

Alinta Plaza
12 - 14 The Esplanade
Perth WA 6000

PO Box 8348
Perth BC WA 6849

Telephone +61 8 6213 7000
Facsimile +61 8 6213 7001

www.alinta.net.au

By email: imo@imowa.com.au

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Dear Dora

WEM Rule Change Proposal RC 2007 04 – Requirement for Registration as a Market Participant

Thank you for the opportunity to provide comments on Rule Change Proposal RC 2007 04 "Requirement for Registration as a Market Participant". This letter sets out the view of Alinta Sales Pty Ltd (Alinta).

The proposed change

On the 3rd of May 2007 Synergy submitted RC 2007 04 to the Independent Market Operator (IMO).

Under the current version of the market rules generators with an installed capacity of greater than 10MW are required to register as a market generator. Synergy considers this requirement to be significantly onerous bringing a substantial amount of risk to these generators who may not be resourced to successfully operate within the complex framework of the Wholesale Energy Market (WEM).

Synergy has proposed to amend the market rules to the effect that generators with an installed capacity of 10MW or more may, but are not required to, register as market generators, provided a list of conditions are met. The conditions include:

- (a) positive MWh quantities measured by the generator's meter not to be expected to exceed 5MWh in any trading interval,
- (b) Negative MWh quantities measured by the generator's meter not to be expected to increase by more than 5MWh in a trading interval in the event of an outage of that generation system,
- (c) System Management has determined it does not require information about the relevant generation system to maintain system security, and
- (d) The generator's meter remains registered by an existing market customer.

Alinta's view

Alinta agrees that onerous requirements that are unnecessary should be avoided. In particular, new entry and continued operation by smaller generators in the SWIS should be encouraged and facilitated wherever possible. Alinta therefore supports Synergy's change proposal.

Alinta proposes to add one additional condition to the list that Synergy has proposed in the new clause 2.28.8A to read as follows”

“(e) The Network Operator informs the IMO that the relevant generation system is included on an Arrangement for Access allowing a maximum export to and import from the South West Interconnected System of 10MW.”

It will also be necessary to delete ”and” at the end of proposed condition (c) and to delete the full stop at the end of proposed condition (d) and replace it with “; and” to complete the addition of the new proposed condition.

Finally, there are two minor typographical errors in the proposed legal text: Condition (b) should read “... to increase by more than 5 MWh...”, and “and” at the end of condition (b) should be deleted.

Alinta notes that market rule 2.29.4(b) also makes reference to the requirement of generators with rated capacity of more than 10MW being required to register. For avoidance of doubt and completeness it will make sense to also amend 2.29.4(b) to make reference to clause 2.28.8A as follows:

“(b) [subject to clause 2.28.8A](#) must register that generation system as a”

Alinta’s assessment against the objectives of the market

Alinta agrees with the proposed change to the Market Rules and considers the change proposal with the proposed additional changes would better facilitate achievement of objectives (a), (b), (c) and (d) of the Market Rules¹.

Alinta considers the change proposal has the following impact on the objectives of the market:

Objective	Identified impact
(a)	Participation by smaller generators in the SWIS should enhance competition, and may enhance supply security through diversification of the generation portfolio. Smaller generation units with a significant onsite load would also promote efficiency both through a reduced need for infrastructure investment and reduced transmission losses associated with transmission of electricity through the SWIS.
(b)	By removing onerous requirements on smaller generators efficient competition between existing small and large generators as well as efficient entry of new small generators should be facilitated.

¹ The objectives of the Market Rules are contained in Market Rule 1.2.1 and 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”

(e) “to encourage the taking of measures to manage the amount of electricity used and when it is used”

(c)	The change proposal removes a potential source of discrimination against small generators.
(d)	By facilitating competition and possibly reducing the need for infrastructure investment and transmission losses as identified for objective (a) benefits for the long term overall cost of electricity supplied to customer should flow from this change proposal.
(e)	Alinta has not identified an impact on this objective.

IT systems and cost implications

Alinta will not need to make any significant changes to its IT systems or procedures. The cost to Alinta of implementing the proposed change is minimal.

Time required for implementation

The change proposal should be implemented as soon as possible.

Please call me on 08 6213 7304 to discuss any of the issues raised in this letter in more detail.

Yours sincerely



Kristian Myhre
Manager Market Analytics
Alinta Sales Pty Ltd