
Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2007_11 IRCR for new meters – customer peak load diversity

Submitted by

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Submission

1. Please provide your views on the proposal, including any objections or suggested revisions.

Griffin acknowledges that the current wording of STEP 5 of Appendix 5 may lead to some perverse outcomes where loads (that have not recorded interval meter readings for the previous hot period) are penalised through higher IRCR obligations attached to demand that might not be contributing to system peaks.

There are a number of related issues associated with this proposal. Griffin will address each in turn:

1. The rule change proposal suggests that a Non Temperature Dependent Load (NTDL) should have its NMNTCR(u) for month n set at 1.1 times its maximum demand in month n-3. This deletes the alternative of setting the NMNTCR(u) to the CMD (if available). Griffin believes this is a reasonable amendment as new loads (especially large loads associated with new facilities or equipment) often require a lengthy commissioning (or 'ramp-up') period where the maximum demand in some month n-3 might be significantly below the eventual commissioned NTDL (i.e. the CMD).
2. The rule change proposal suggests that a Temperature Dependent Load (TDL) should have its NMTDCR(v) for month n set at 1.1 times its demand in the 4 highest demand intervals of month n-3. This deletes the alternative of setting the NMNTCR(u) to the CMD (if available) and changes the demand associated with the load from its maximum demand in month n-3 to its actual demand in the highest demand intervals of month n-3. This is an important modification to the existing method as the existing method creates the perverse outcome of penalising loads that do not contribute to system peaks as well as offering no incentives for loads to manage when they contribute to system demand. Griffin concurs that the current rule should be modified and believes the proposed change is reasonable.

3. The final change seems to be a clarification of the intent of the rules that is not sufficiently borne out in the wording. Where STEP 5 currently suggests that new meters not registered in the preceding Hot Season should have its IRCR obligation set under STEP 5, Griffin believes the intention is that new meters that have not been registered in time to have their IRCR obligations set under the normal process (i.e. not as new meters) should have their IRCR obligation set under STEP 5. This implies that a meter will need to have been registered with the IMO in time to record interval meter readings for all of the 12 peak Trading Intervals for that Hot Season to have its IRCR obligation set under the normal process. The proposed change clarifies this intent and removes any ambiguity. It should be noted that While this may address the potential gaming of the system by the registering of new meters at the end of a Hot Season (and so evading IRCR obligations over the following 15 months), it does not address the issue of new loads being commissioned (or 'ramping-up') in the Hot Season, where such loads may record meter readings in the 12 peak Trading Intervals that are lower than their normal operating loads once commissioned (and hence gain a benefit over the following 15 to 18 months).

2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.

Griffin feels that this change will better facilitate market objectives as it will allocate IRCR obligations more equitably. This will lead to the facilitation of market objectives by:

1. Providing clear signals to enable new loads (i.e. new meters) to better manage their electricity use and when this use impacts on system demand.
2. Removing the artificially inflated IRCR obligations (which are passed through to consumers) which will lead to lower overall costs to consumers.
3. Encouraging competition among retailers through the removal of a barrier to churn (i.e. the inflated IRCR cost of switching loads, which are not currently interval metered, away from the incumbent retailer).
4. Removing barriers (as above) for the most economically efficient supply option for loads.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

The proposed changes will not have any direct affect on Griffin's business systems. The proposed changes will have an affect on existing and future commercial arrangements with customers. The costs associated with this change is unknown.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

This change can be implemented by Griffin immediately.
