
Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2009_10 – Early Certified Reserve Capacity

Submitted by

Name:	Shane Cremin
Phone:	9261 2908
Fax:	9488 7330
Email:	shane.cremin@thegriffingroup.com.au
Organisation:	Griffin Energy
Address:	L 15, 28 The Esplanade, Perth, WA, 6000
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Submission

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

Griffin made a submission on this proposal in the first submission period. Following the workshop called by the IMO, Griffin wishes to make the additional comment:

While the alternative proposal presented at the workshop was obviously well thought through, Griffin does not believe that it produces a solution to the same level of completeness to that being provided by RC_2009_10.

One of the most difficult barriers facing new entrant generation proponents is in gaining the early support of financiers, suppliers and offtake counterparties. Proponents often undertake substantial project development and equity funding risk to move a project to the stage where it can gain adequate financing; or to where it can convince creditworthy counterparties that it is a credible project worth entering a long term offtake with. Securing capacity credits, which demonstrates that the project is categorised as forming part of the “official” generation supply in the SWIS for the relevant year, goes a long way to securing this early support. Quantifying the benefit of this is difficult – it is often an intangible value. Indeed, projects holding capacity credits are not immune from failure. However it is likely that the award of firm capacity credits earlier in a project's development will lead to a more diverse array of projects (and proponents) entering the market.

Griffin continues to support RC_2009_10 in its current form.
