The background of the lower section is a blue-tinted photograph. On the left, several large white wind turbines are visible, their blades extending outwards. On the right, a tall metal lattice tower for high-voltage power lines stands prominently, with several power lines stretching across the frame. The overall scene is set against a clear sky.

**Independent Market Operator**

**Rule Change Notice**  
**Title: Transparency of  
Capacity Credit  
Allocation**

**Ref: RC\_2009\_17**

**Standard Rule Change Process**

**Date: 7 May 2009**

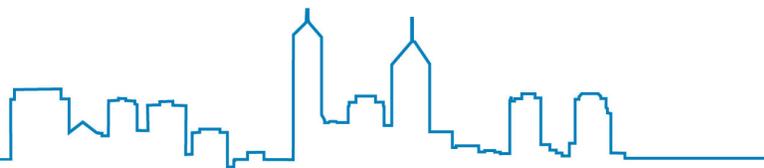
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## DOCUMENT DETAILS

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## 1. THE RULE CHANGE PROPOSAL

### 1.1. The Submission

On the 5 May 2009 the Independent Market Operator (IMO) submitted a Rule Change Proposal regarding the amendment of clause 10.5.1(f)(iv) to the Wholesale Electricity Market Rules (Market Rules).

This Rule Change Notice is published according to Market Rule 2.5.7, which requires the IMO to publish a notice within 7 Business Days of receiving a Rule Change Proposal.

#### 1.1.1 Submission details

<b>Name:</b>	Ben Williams
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<b>Organisation:</b>	Independent Market Operator
<b>Address:</b>	Level 3, 197 St Georges Tce, Perth, WA 6000
<b>Date submitted:</b>	5 May 2009
<b>Urgency:</b>	Medium
<b>Change Proposal title:</b>	Transparency of Capacity Credit Allocation
<b>Market Rule(s) affected:</b>	10.5.1(f)(iv)

### 1.2. Details of the Proposal

Each year, the IMO assigns Capacity Credits to generation and Demand Side Management Facilities to meet the Reserve Capacity Requirement. In accordance with Clause 10.5.1(f) (iv) of the Wholesale Electricity Market Rules (Market Rules), the number of Capacity Credits held by each supplier, for each Reserve Capacity Year, is published as public information on the IMO website. An example of this can be found at:

[http://www.imowa.com.au/Attachments/RC\\_Attachments/SummaryofCapacityCreditsfor2008ReserveCapacityCycle.pdf](http://www.imowa.com.au/Attachments/RC_Attachments/SummaryofCapacityCreditsfor2008ReserveCapacityCycle.pdf)

Currently, the IMO publishes the aggregated number of Capacity Credits assigned to each Market Participant. For Market Participants with only one Facility, this will represent the size of that Facility. For Market Participants with multiple facilities, the aggregated information for a portfolio of generation and DSM capacity represents a lower level of transparency.

In the interests of increasing the level of transparency and for the avoidance of discrimination, the IMO proposes to publish the amount of Capacity Credits held in relation to each Facility, rather than a summary for each Market Participant as is the current practice.

### 1.3. The Proposal and the Wholesale Market Objectives

The proposed changes will allow the Market Rules to better address market objectives (a), (b) and (c).

- (a) *to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system;*

The IMO submits that the proposed changes will support market objective (a) by creating greater transparency particularly around the publication of data and information. The IMO considers that the increased transparency may promote economically efficient investment decisions by the market as a whole.

- (b) *to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;*

The IMO submits that the proposed changes will support market objective (b) by facilitating efficient entry of new competitors into the Reserve Capacity Market. This will be achieved by enabling existing and new Market Participants to better understand the composition of generation capacity within the market.

- (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;*

The IMO submits that the proposed changes will support market objective (c) by removing a discriminatory clause which currently only offers transparency to the market for small Market Participants.

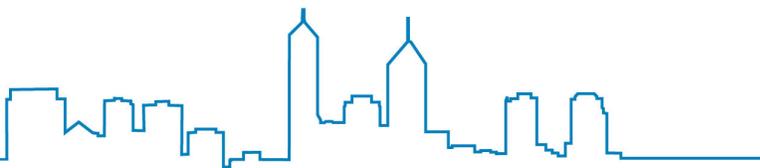
The IMO considers that the proposed changes are consistent with market objectives (d) and (e).

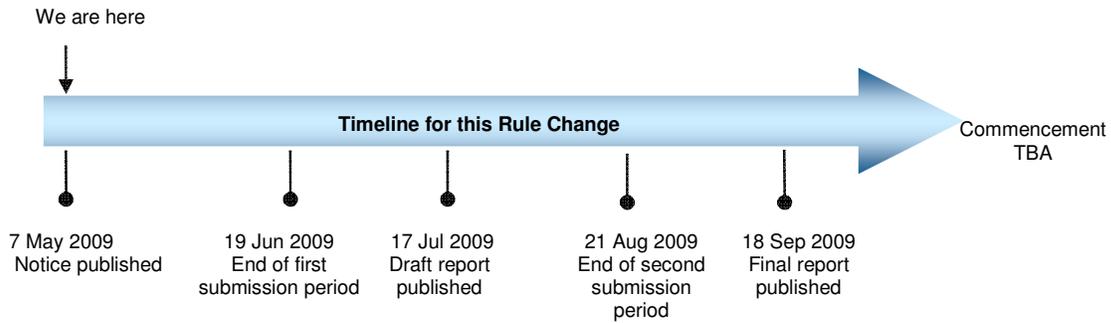
## 2. WHETHER THE PROPOSAL WILL BE PROGRESSED FURTHER

The IMO has decided to proceed with this proposal on the basis that its preliminary assessment indicated that the proposal is consistent with the Wholesale Market Objectives.

The IMO has decided to process this Rule Change Proposal using the Standard Rule Change Process, described in section 2.7 of the Market Rules.

The projected timelines for processing this proposal are:





### 3. CALL FOR SUBMISSIONS

The IMO is seeking submissions regarding this proposal. The submission period is 30 Business Days from the publication date of this notice. Submissions must be delivered to the IMO by close of business on **Friday 19 June 2009**.

The IMO prefers to receive submissions by email to **marketadmin@imowa.com.au** using the submission form available on the IMO website:

[http://www.imowa.com.au/10\\_5\\_1\\_MarketRulesChangeSummary.html](http://www.imowa.com.au/10_5_1_MarketRulesChangeSummary.html)

Submissions may also be sent to the IMO by fax or post, addressed to:

Independent Market Operator  
 Attn: Manager Market Administration and System Capacity  
 PO Box 7096  
 Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399

### 4. PROPOSED AMENDING RULES

The IMO proposes the following amendments to the Market Rules (~~deleted words~~, added words):

- 10.5.1. The IMO must set the class of confidentiality status for the following information under clause 10.2.1, as Public and the IMO must make each item of information available from the Market Web-Site after that item of information becomes available to the IMO:

...

- (f) the following Reserve Capacity information (if applicable):
  - i. Requests for Expressions of Interest described in clause 4.2.3 for the previous five Reserve Capacity Cycles;
  - ii. the summary of Requests for Expressions of Interest described in clause 4.2.7 for the previous five Reserve Capacity Cycles;
  - iii. the Reserve Capacity Information Pack published in accordance with clause 4.7.2 for the previous five Reserve Capacity Cycles;
  - iv. ~~the total amount of Capacity Credits held by each supplier of Capacity Credits;~~ For each Market Participant holding Capacity Credits, the amount of Capacity Credits held in relation to each Facility for each Reserve Capacity Cycle.
  - v. the identity of each Market Participant from which the IMO procured Capacity Credits in the most recent Reserve Capacity Auction, and the total amount procured, where this information is to be published by January 7th of the year following the Reserve Capacity Auction;

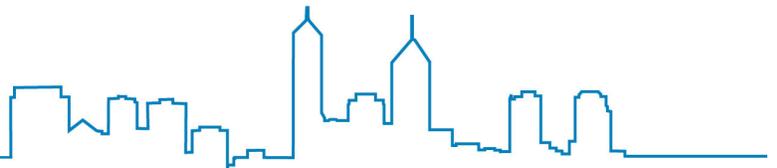
## 5. ABOUT RULE CHANGE PROPOSALS

Market Rule 2.5.1 of the Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form and submit this to the IMO.

The IMO will assess the proposal and, within 5 Business Days of receiving the proposal form, will notify the proponent whether the proposal will be progressed further.

In order for the proposal to be progressed the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the Wholesale Market Objectives. The market objectives 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; and
- (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.



A Rule Change Proposal can be processed using a Standard Rule Change Process or a Fast Track Rule Change Process. The standard process involves a combined 10 weeks public submission period, while the fast track process involves the IMO consulting with Rule Participants who either advise the IMO that they wish to be consulted or the IMO considers have an interest in the change.