

## Wholesale Electricity Market Rule Change Proposal Submission Form

### RC\_2010\_35 Use of Forecasts in SRC Assessment

#### Submitted by

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<b>Date submitted:</b>	9 December 2010

#### Submission

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

#### Background

The Independent Market Operator (IMO) administers the Reserve Capacity Mechanism and in the case when insufficient capacity is made available, also the Supplementary Reserve Capacity (SRC) process.

Clause 4.5.9 of the Market Rules outlines the Planning Criterion that is used to set the Reserve Capacity Target each year in the Long Term PASA (LTPASA) study horizon. The Market Rules define the LTPASA study horizon as being the ten-year period commencing on the 1<sup>st</sup> of October of *the second year* of the Reserve Capacity Cycle.

The IMO has historically provided forecasts in the Statement of Opportunities (SOO) for the Capacity Year commencing on 1 October in addition to the ten year LTPASA. The IMO contends that the current wording of the Market Rules limits its assessment of SRC requirements to those forecasts developed for the LTPASA and therefore excludes consideration of the forecasts contained in the SOO for the 12 month period between 1 October and the start of the LTPASA forecast.

## Change Proposal

The IMO has proposed that the LTPASA period should be amended so that it starts on 1 October *in year 1* rather than year 2 of the Reserve Capacity Cycle. The IMO will then be able to take into account the most up to date forecast when assessing SRC requirements.

## Perth Energy's Views

Perth Energy agrees with the IMO's proposal. Perth Energy considers that it would be in the best interest of Market Participants that all relevant information, including the most up to date Capacity requirement forecasts for year 1 in the Reserve Capacity Cycle, be considered by the IMO when assessing whether SRC is required.

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

Perth Energy considers the change would better facilitate the achievement of Market Objective<sup>1</sup> (a) as the IMO would be allowed to make use of the most up to date and relevant information when making its decision on whether or not SRC will be required.

### **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.**

There will be no impact for Perth Energy.

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

Perth Energy does not require any lead time to implement the change.

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<sup>1</sup> The objectives of the market 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.