
**Wholesale Electricity Market
Rule Change Proposal Submission Form**

Competitive Balancing and Load Following Market

RC_2011_10

Submitted by

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Submission

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

Collgar supports the development of the Wholesale Electricity Market (WEM) through continued improvements toward economic efficient outcomes that promote competition between market participants to provide Balancing and Load Following Ancillary Services.

Collgar also recognises the substantial work that has been undertaken by the IMO and stakeholders in drafting the amended Market Rules. RC_2011_10 establishes the markets that will allow IPPs to compete to provide for balancing and load following services against Verve Energy, which to date has been the default supplier in both markets. Whilst still retaining Verve as the default provider where system security and supply is compromised, the introduction of competition for these services is a natural evolution for the WEM. Since RC_2011_10 is based principally on Market Rules which are outcomes focused, Collgar therefore supports detailed procedures to supplement the Market Rules to support participant's transition to the new hybrid market.

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

Collgar believes that the Rule Change proposal will operate to better facilitate the achievement of Market Objective:

- a) to promote the economically efficient, safe and reliable production and supply of electricity;

Competitive Balancing and LFAS Markets will promote economic efficient outcomes through the use of transparent forecasting and pricing signals which will help to facilitate market based outcomes.

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

RC_2011_10 introduces the necessary framework for IPPs to participate in Balancing and LFAS markets and as such is conducive to better economic outcomes in parallel with the existing Short Term Energy Market.

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.

This rule change will significantly impact the daily operations of Collgar participating in the WEM. Initial costs to cater for the increased information technology dependencies associated with the balancing market have been estimated however Collgar's final budgeted figure will be revised once RC_2011_10 has been endorsed by the IMO Board in the Final Rule Change Report.

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

If this rule change is accepted as per the Drafted Rule Change Report, Collgar would require sufficient time (in line with other market participants) to source appropriate resources prior to the start of the new markets to implement the necessary changes. Collgar encourages the IMO to be lenient in compliance for the initial months following the commencement date to provide participants with ample opportunity to finalise and amend systems and processes.
