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

RC_2011_10 Competitive Balancing and Load Following Market

Submitted by

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Submission

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

Thank you for the opportunity to make a submission during the second consultation period. In its submission during the first round of consultation, Verve Energy raised concern about various measures proposed in the amending rules that unnecessarily fetter its effective participation in the new market and will likely lead to a less efficient market outcome than could otherwise be achieved. Verve Energy's view on this matter remains unchanged and again urges IMO to contemplate whether the restrictions that it is imposing on Verve Energy are necessary.

The following additional observations are submitted:

Constrained Generation Quantities

The Non-Qualifying Constrained-On Generation for the Verve Energy Balancing Portfolio (clause 6.17.5(e) quantities) could require clearer definition. We read this clause to require actual energy dispatched out of Upwards LFAS Enablement, Upwards LFAS Backup Enablement and Spinning Reserve. This data could be determined by System Management and could be included in the list of data to be provided under clause 7.13.1 this time at Market Participant level.

Also in relation to this clause:

- a) Subclause iii would suggest that the Spinning Reserve Response Quantity (energy dispatched) will include the LFAS Response Quantity (presumably energy dispatched)

though this term has been left out of the glossary). Thus even when there is no Spinning Reserve Event this subclause will not result in a negative result. This basis should hold for the determination in clause 6.16B.1(b)ii3 as well

- b) The LFAS Response Quantity in this clause should only be that for Upwards LFAS (including backup)

The Non-Qualifying Constrained-Off Generation for Verve Energy Balancing Portfolio (clause 6.17.6A(e) quantities) could similarly require clearer definition. This time the variables required will be the downwards LFAS including backup and Load Rejection

Also in relation to this clause:

- a) Subclause iii would suggest that the Load Rejection Reserve Response Quantity (energy dispatched) will include the LFAS Response Quantity (presumably energy dispatched though this term has been left out of the glossary). Thus even when there is no Load Rejection Reserve Event this subclause will not result in a negative result. This basis should hold for the determination in clause 6.16B.2(b)ii3 as well
- b) The LFAS Response Quantity in this clause should only be that for Downwards LFAS (including backup)

Ex-Post LFAS Quantities

The ex-post LFAS quantities should exclude the quantity not made available after LFAS auction clearance. Partly this comes through a clause 7B.2.17 notice from the Market Participant – the remaining quantity still available notified. The definition in the glossary could thus be confusing. We would suggest stopping the definitions after “that Trading Interval” – deleting the rest of each of the clauses.

Publication of Balancing Price

Under clause 7A3.10, the IMO has up to 12 hours to update and publish the Balancing Prices after the System Management update under clause 7A.3.8. This could result in the Balancing Prices for a Trading Day not being released until the third Trading Day. We request that the 12 hour period in 7A3.10 is reduced to 7 hours in order for the Balancing Prices to be published no later than the end of the second Trading Day.

First LFAS Submission for a Trading Day

The first LFAS submission for a Trading Day for Verve Energy (clause 7B.2.3) is due at the same time as the Balancing Submission covering the same Trading Intervals. This will result in all Market Generators not having the result of the LFAS auction before putting in their Balancing Submissions. In contrast, the subsequent LFAS submissions will be an hour ahead of the Balancing Submissions covering the same Trading Intervals (as the LFAS submission). For the benefit of the market, we request that the 6:00 PM time limit in clause 7B.2.3 is changed to 5:00 PM.

Clause 7B.3.1

This clause was to be deleted as indicated in the IMO response to System Management comment (item 61) from the first consultation period but has not been deleted. Deleting this clause will remove the confusion of mixing loss-factor-adjusted and non-loss-factor-adjusted prices when carrying out the LFAS auction.

Submission Timeline Related Clauses

A general observation is that the rules as drafted in relation to LFAS and balancing submission timelines may be difficult to follow and open to interpretation. An example is clause 7B2.3. It is suggested that IMO reviews the relevant clauses to ensure that they are correct, and clear and unambiguous. Verve Energy will be happy to discuss areas of concern with IMO.

Thank you again for the opportunity to comment further on the proposed amending rules. Verve Energy reconfirms its support for the appropriate advent of a competitive balancing market.

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

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.

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