



Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2012_15 Four Month Commissioning Test Period for new generating systems

Submitted by

Name:	Jacinda Papps
Phone:	(08) 9424 1917
Fax:	(08) 9424 1818
Email:	Jacinda.papps@verveenergy.com.au
Organisation:	Verve Energy
Address:	GPO Box F366, Perth WA 6841
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Submission

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

The Rule Change Proposal: Updates to Commissioning Provisions (RC_2009_08) amended the Wholesale Electricity Market Rules (Market Rules) to, among other things, restrict commissioning of new generating systems (including those entering the market late) to a four month period from the date of first connection to the South West Interconnected System. This amendment meant that new generators would not be subject to UDAP and DDAP while commissioning, although it should be noted that Reserve Capacity Obligations still applied from 1 October for those facilities entering the market late. This proposal retained the financial incentive for Market Participants to complete commissioning of new Facilities ahead of periods of peak system demand. However, to the extent that this could not be achieved, the amended Market Rules ensured that there was an appropriate mechanism for Market Participants to complete such commissioning activities.

One of the principles of the Rule Change Proposal: Competitive Balancing and Load Following Market (RC_2011_10) is that Commissioning Test information (such as changes to quantity and/or price) needs to be incorporated into the market forecasts and pricing. As such, the Market Rules were amended to require Market Participants to change their bids and offers to ensure that the quantity cleared matches that of their test plan (i.e. bid/offer at the negative cap). This requirement effectively means that Market Participants are no longer able to make a commercial decision to commission directly in the energy market (as was contemplated under RC_2009_08).

Further proposed amendments to the Market Rules, under the Rule Change Proposal: Updates to Commissioning Test Plans (RC_2012_12), mean that a Market Participant will be subject to the application of Civil Penalties should they undertake commissioning activities without having an approved Commissioning Test Plan.

As a result of these Market Rule amendments, if a participant has not completed its commissioning activities within four months, then that participant does not have a mechanism to complete commissioning and enter the market.

Verve Energy agrees with the IMO's proposal to remove the four month commissioning test period for new generating systems from the Market Rules, noting that, while there is an appropriate mechanism to complete commissioning and enter the market (whether on time or late), there is still the strong financial incentive for Market Participants to complete commissioning of new Facilities ahead of periods of peak system demand.

However, in noting this support, Verve Energy considers that the Independent Market Operator (IMO) should mark the deleted sub-clause 3.21A.7(c) as "Blank" in order to retain the history of this sub-clause. Therefore Verve Energy considers that sub-clause 3.21A.7(d) (as proposed under RC_2012_12) should remain as sub-clause (d). Verve Energy considers that this suggestion is consistent with the IMO's rule numbering convention (as outlined in response to a similar issue in the submissions received during the first submission period for RC_2012_12).

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

Verve Energy considers that the Rule Change Proposal is consistent with the Wholesale 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.

Verve Energy would not require any changes to its IT or business systems, nor incur any organisation costs as a consequence of adopting the changes.

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

Verve Energy does not need to undertake any actions to implement this Rule Change Proposal.
