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## Wholesale Electricity Market Rule Change Proposal Submission Form

### RC\_2012\_20 Consideration of Network Constraints for Certified Reserve Capacity

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#### Submitted by

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#### Submission

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

#### Background

Generators that apply for Certified Reserve Capacity (CRC) must have unconstrained access to Western Power's network for the level of CRC that they are applying for. For Scheduled Generators the level of CRC that may be awarded by the Independent Market Operator (IMO) is limited by the level of Declared Sent Out Capacity (DSOC) available at the generator's connection point<sup>1</sup>. A similar restriction applies to Non-Scheduled Generators in that the IMO may consider any estimates of generation in an expert report above DSOC to be inaccurate and the IMO may therefore when rewarding CRC to the Non-Scheduled Generator also cap the CRC level at the DSOC level<sup>2</sup>.

The DSOC level forms part of the way that Western Power charges the user for network access and is also relevant for Western Power's planning and design of its network.

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<sup>1</sup> Market Rules 4.11.1(b) and 4.10.1(bA)

<sup>2</sup> Market Rules, Appendix 9, step 10.

Specifically, in conducting its design and planning studies, Western Power explicitly assumes that no generator exports in excess of the DSOC value at the connection point.

Recently, the IMO had to assess an application for CRC from a Scheduled and a Non-Scheduled Generator that are sharing a connection point. The applied for, and awarded, aggregate level of CRC exceeds the DSOC of the connection point. This outcome was possible as the current version of the Market Rules apply the test individually: The CRC applied for, and awarded to, the Scheduled Generator was below the DSOC of the connection point and therefore complied with clauses 4.11.1(b) and 4.10.1(bA). Similarly, the CRC applied for, and awarded to, the Non-Scheduled Generator was also within the DSOC limit of the connection point when assessed in isolation.

### **Change Proposal**

The IMO submitted Rule Change Proposal RC 2012 20 “Consideration of Network Constraints for Certified Reserve Capacity” on 21 January 2013.

The IMO proposed to amend clause 4.11.1 of the Market Rules by making it explicit that in the case where two or more generation Facilities share a connection point then the total amount of CRC awarded to those Facilities must not exceed the total DSOC of the connection point.

### **Perth Energy’s Views**

Perth Energy supports the intention of the IMO’s proposed rule change.

Under Western Power’s current network access philosophy planning of the expansion and operation of the network is broadly based on a scenario where it is possible to maintain any load and generation level following an outage on a single piece of transmission equipment such as an overhead line. This is commonly referred to planning to an N-1 standard. In conducting its studies Western Power explicitly assumes that no generator will exceed its DSOC levels.

In the recent example discussed above, generators sharing a connection point were awarded CRC in aggregate that exceeded the DSOC of their common connection point. As Western Power has not planned for, and would not necessarily be able to accept generation at that connection point, at a level greater than DSOC when experiencing a network related outage, the amount of aggregate CRC that is awarded above the DSOC level has in reality a reduced reliability attached to it compared to CRC awarded to generators that have sufficient DSOC to cover their CRC commitments.

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

Perth Energy considers that the proposed changes to the Market Rules would positively impact on the facilitation of Market Objective (a)<sup>3</sup> relating to the safe and reliable production

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<sup>3</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;

of electricity. The proposed change would ensure that all CRC on the system, if paid at the same Reserve Capacity Price, has the same level of reliability and availability in an N-1 network scenario.

Perth Energy has not identified any impacts on the other 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.**

There will be no impacts on Perth Energy.

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

Perth Energy will not require any lead time to implement the proposed changes.

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- (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.