



Knowledge Influence Support

CHAMBER OF COMMERCE AND INDUSTRY  
WESTERN AUSTRALIA

12 May 2009

Independent Market Operator  
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Dear Sir

**RULE CHANGE PROPOSAL RC\_2008\_34: FUNDING OF SRC IN THE EVENT OF CAPACITY CREDIT CANCELLATION**

The Chamber of Commerce and Industry of Western Australia (CCI) is concerned about the Independent Market Operator's (IMO) proposed rule change RC\_2008\_34 which addresses the funding of supplementary reserve capacity in the event of capacity credit cancellation.

CCI acknowledges that the aim of the proposed rule change is to promote the economically efficient, safe and reliable production and supply of electricity, however we are concerned that the current proposal may detrimentally impact upon current and future market participants, particularly energy generators.

While CCI supports the concept of 'causer pays', it would appear that for the purpose of this rule change, the causer is assessed to be the generator. CCI contends that the true causer is the end-user, who in fact should bear the long-term cost of capacity through regular tariff charges. CCI does not consider it equitable for the burden of risk to lie with generators where, in many cases, they are either unable to manage the risks associated with extended forced outages. Alternatively the management of these risks is only achieved at high cost, for example incorporating inefficient redundancy or transferring the risk to retailers through higher wholesale charges.

CCI considers that the IMO should reassess the proposed rule change to ensure that consumer price signals accurately reflect all costs of electricity production and supply, which should include provision for supplementary reserve capacity funding.

CCI commends the IMO for its consultative approach with industry to ensure the market rules promote efficient electricity generation and supply. CCI's Senior Adviser, Industry Policy, Andrew Canion is available to provide further information and can be contacted on (08) 9365 7688 or email [andrew.canion@cciwa.com](mailto:andrew.canion@cciwa.com).

Yours sincerely

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