
Wholesale Electricity Market Rule Change Proposal Submission Form

**RC_2010_08 Removal of DDAP Uplift when less than facility
minimum generation**

Submitted by

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Date submitted:	1 June 2010

Submission

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

Background

Market Rule 6.17.4 imposes a penalty on Market Participants other than Verve where the metered output of a participant's Scheduled Generator is less than the scheduled output in its Dispatch Schedule. A penalty is not applied where the Facility is subject to a Commissioning Test (Market Rule 3.21A.14) or Reserve Capacity Testing (Market Rule 4.25.10).

Rule Change Proposal

It is intended that RC_2010_08 amend the Market Rules so that Market Participants other than Verve would not be subject to a penalty under Market Rule 6.17.4 where the (downward) deviation from a Dispatch Schedule occurs where the output of the Scheduled Generator is below its minimum stable load, as specified in Facility Standing Data.

Alinta's views

Alinta supports the intent of RC_2010_08.

The purpose of the penalty in Market Rule 6.17.4 appears to be to provide a financial incentive to minimise deliberate, and controllable, deviations from Dispatch Schedules.

As noted by Griffin, where a Scheduled Generator is temporarily operating below the minimum stable loading level specified in its Standing Data (refer to Appendix 1 clause (b)(xiii))) because it is ramping up (or down), it is reasonable to conclude that the ability of a Market Participant to control minor downward deviations may be impeded.

To the extent that a Market Participant is unable to control minor downward deviations from Dispatch Schedules where a Scheduled Generator is temporarily operating below the minimum stable loading level, it appears that Market Rules 6.17.4 currently acts to unreasonably penalise that Market Participant.

Alinta understands that despite the amendments contemplated by RC_2010_08, Market Participants would still be obliged to refund capacity payments and pay the Marginal Cost Administered Price (MCAP) to the extent that the metered output of a participant's Scheduled Generator is less than the scheduled output in its Dispatch Schedule.

It would appear that these mechanisms would ensure where the metered output of a participant's Scheduled Generator is less than the scheduled output in its Dispatch Schedule, Market Participants would continue to meet the actual 'costs' imposed on the market by such deviations.

However, Alinta is concerned that the amendments to the Market Rules proposed by RC_2010_08 would mean that there will be no downward payment (authorised or unauthorised). For this reason, Alinta suggests that amendments are necessary to Market Rules 6.15.1 and 6.15.2 to ensure that the deviation would be captured as an authorised deviation.

Potential alternative amendment

Alinta suggests that the intent of RC_2010_08 would be best achieved by amending the Market Rules as outlined below.

- 6.15.1. For a Market Participant other than the Electricity Generation Corporation, the Dispatch Schedule for a Trading Interval for a Scheduled Generator (excluding those to which clauses 3.21A.14 or 4.25.10 apply or when a Facility's Metered Schedule, in MWh, is below minimum stable loading, as a MWh quantity calculated by dividing the MW by two, as specified in Appendix 1 (b)xiii) or Dispatchable Load is:

....

- 6.15.2. The Dispatch Schedule for a Trading Interval for any of the following Facilities equals the corresponding Metered Schedule:

- (a) a Non-Scheduled Generator;
- (aA) a Scheduled Generator to which clauses 3.21A.14 or 4.25.10 apply;
- (b) a Non-Dispatchable Load;
- (c) a Curtailable Load;
- (d) an Interruptible Load;

- (e) a Scheduled Generator or Dispatchable Load registered by the Electricity Generation Corporation; and
- (f) a Scheduled Generator or Dispatchable Load registered by a Market Participant (other than the Electricity Generation Corporation) where a Dispatch Instruction of the type described in clause 7.7.3(d)(ii) was issued to the Market Participant in respect of the Facility.

(g) a Scheduled Generator with a Metered Schedule, in MWh, that is below its minimum stable loading, as a MWh quantity calculated by dividing the MW by two, as specified in Appendix 1 (b)xiii.

6.17.3. The Upward Unauthorised Deviation Quantity, UUDQ(p,d,t), for Market Participant p and Trading Interval t of Trading Day d equals the sum over all that Market Participant's Registered Facilities, ~~other than those to which clauses 3.21A.14 or 4.25.10 apply,~~ of the greater of:

- (a) the quantity that is:
 - i. the Facility's Metered Schedule for Trading Interval t; less
 - ii. the Facility's Dispatch Schedule for Trading Interval t; and

(b) zero.

6.17.4. The Downward Unauthorised Deviation Quantity, DUDQ(p,d,t), for Market Participant p and Trading Interval t of Trading Day d equals the sum over all that Market Participant's Registered Facilities, ~~other than those to which clauses 3.21A.14 or 4.25.10 apply,~~ of the lesser of:

- (a) the quantity that is:
 - i. the Facility's Metered Schedule for Trading Interval t; less
 - ii. the Facility's Dispatch Schedule for Trading Interval t; and

(b) zero.

Note that under Market Rule 6.15.2, a Facility's Metered Schedule for Trading Interval t is already set equal to its Dispatch Schedule for Trading Interval t where the Facility is subject to a Commissioning Test (Market Rule 3.21A.14) or Reserve Capacity Testing (Market Rule 4.25.10).

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

Market Rule 2.4.2 states that the IMO must not make Amending Rules unless it is satisfied that the Market Rules, as proposed to be amended or replaced, are consistent with the Wholesale Market Objectives. The Wholesale Market Objectives are as follows.

- (a) To promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.
- (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.
- (e) To encourage the taking of measures to manage the amount of electricity used and when it is used.

Alinta considers that the IMO can be satisfied that RC_2010_08 is consistent with the Wholesale Market Objectives, and in any event is likely to be inconsistent with the Wholesale Market Objectives.

In particular, the following outcome of the amendments to the Market Rules contemplated by RC_2010_08 is likely to be consistent with the following Market Objectives.

- Market Objective (a) because it removes the financial incentive to intervene in the safe ramping up (or down) of a Scheduled Generator.
- Market Objective (b) because it removes the risk of incurring a financial penalty in certain circumstances, which in turn removes a potential barrier to encouraging more dynamic bidding in the Short Term Energy Market (STEM) and may also increase competition among generators and retailers in the SWIS, including by facilitating efficient entry of new competitors.
- Market Objective (d) because it removes the risk of incurring a financial penalty in certain circumstances, which may lower the risk margin factored into wholesale and/or retail prices.

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.

The changes to the Market Rules contemplated by RC_2010_08 would not require Alinta to change its IT or business systems, and hence there are no IT or business costs associated with the rule change proposal.

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

The changes to the Market Rules contemplated by RC_2010_08 would not require Alinta to change its IT or business systems, and hence there is no specific period of time that would be required to implement the changes arising from the rule change proposal.