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

**RC_2010_25 Calculation of the Capacity value of Intermittent
Generation – Methodology 1 (IMO)**

**RC_2010_37 Calculation of the Capacity value of Intermittent
Generation – Methodology 2 (Griffin)**

Submitted by

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Submission

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

Mid West Energy Pty Ltd (MWE) supports the IMO's decision to request further submissions given the importance of the issues.

In its earlier submission, MWE was prepared to support the 'amended' RC_2011_25 as proposed by the IMO Board, subject to:

1. The peak 12 intervals per year being selected based on times of peak demand, rather than LSG; and
2. The 'U' factor being removed from the calculation.

MWE considers the IMO's proposed solutions to be flawed as they add further complexity to concepts that have already been discredited. MWE is disappointed that the IMO has chosen to introduce a new 'fleet' concept at this late stage of the process. As such, MWE's position is to reiterate its opposition to the U Factor and LSG concepts in their entirety.



As outlined in MWE's earlier submission, MWE does not support the LSG methodology as it is inconsistent with the treatment of other generation capacity under the market rules which are allocated capacity credits based on their output at 41 degrees. The capacity credit methodology should encourage the installation of generation that reliably produces electricity at times of peak network demand (such as solar).

The LSG concept should be replaced with peak demand intervals.

As outlined in MWE's earlier submission, the U factor is an arbitrary amendment to reduce the capacity credits allocated to intermittent generators. The U factor calculated in the Sapre report only used the actual output of existing wind farms, yet the revised Rule Change Proposal RC_2010_25 methodology will apply to all intermittent generators, including solar. Solar generators have a very high correlation between high temperatures and generator output and it is incomprehensible that the IMO would apply an arbitrary discount factor to the output of solar generation. In fact, solar should receive a positive U factor.

Incorporating the U factor in the revised Rule Change Proposal RC_2010_25 methodology is an unnecessary discount.

MWE strongly believes the U factor is discriminatory and should be removed from the RC_2010_25 methodology. If the IMO was to retain the U factor, then different U factors should be applied to different technology types.

MWE considers that the most appropriate action for the IMO is to introduce the modified RC_2010_25 methodology with the following amendments:

1. The peak 12 intervals per year are selected based on times of peak demand, rather than LSG; and
 2. The 'U' factor is removed from the calculation
- as both these factors are discriminatory against intermittent generators.