
Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2012_10 Limits to Early Capacity Credit Payments

Submitted by

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Submission

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

APA Group (APA) supports the proposal to limit the early payments of capacity to 'generators', as set out in the Rule Change Proposal.

RC_2009_11 was proposed and passed in response to a perceived risk to the market – that *new generation facilities* may not be fully constructed or commissioned before the start of the summer period, if they were targeting the previous (arbitrarily defined) window of entry. The window of entry represents when facilities are first able to receive capacity payments and when they are deemed to be commissioned, and hence liable for capacity refunds. In passing RC_2009_11, there was no discussion or thought of DSP's or other non-generating capacity provider taking advantage of this change to the window of entry. This appears to have been an oversight at the time and any early capacity payments made to non-generating facilities are an unintended consequence, equating to an additional cost to the market not commensurate with the risk that was being mitigated by RC_2009_11.

With regard to Market Objective (c), or discrimination against energy options, APA notes the legal advice provided by Synergy, which substantially lessens any concerns raised previously via the Marchmont Hill advice. Additionally, APA does not believe that any contravention of Market Objective (c) should carry greater weight than the benefits the market will receive through the better alignment of Market Objectives (a); (b); and (d).

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

The proposed rule change will better facilitate Market Objectives (a); (b) and (d).

The effect on Market Objective (c) is controversial. There are arguments (notably the legal advice provided by Synergy) that RC_2012_10 reverses an existing discrimination in the Market Rules, where DSM is given preferential treatment which is not commensurate with its characteristics – relative to the treatment of scheduled and non-scheduled generation under the Market Rules. APA is of the view that even if it is considered that RC_2012_10 contravenes Market Objective (c), this should not carry greater weight than the benefits it brings to the market through the effect on Market Objectives (a); (b) and (d).

On balance, RC_2012_10 better achieves the Market Objectives and so should be passed.

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.

APA has no applicable costs of changes to identify.

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

Not applicable.
