



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

**RC_2015_05 Specific Transition Provisions for the 2015 Reserve
Capacity Cycle (RC 2015 05)**

Submitted by

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

Background

On 13 March 2015 the Minister for Energy directed the Independent Market Operator (IMO) to defer most aspects of the 2015 Reserve Capacity Cycle. This direction is similar to one received by the IMO one year ago in relation to the 2014 Reserve Capacity Cycle. The Minister's reasons for providing the direction in relation to the 2014 cycle was due to the uncertainty created by the Electricity Market Review (EMR) which is still ongoing.

Issues

The Ministerial direction does not address all the flow on effects of the direction.

Firstly, the Market Rules require the IMO to publish the preliminary Reserve Capacity Requirement (RCR) to support the initial Expression of Interest process for a Reserve Capacity Cycle. The RCR for this publication is supposed to be as reported in the Electricity Statement of Opportunities (ESOO) for the preceding Reserve Capacity Cycle. With the Ministerial direction the 2015 ESoo will not be published until 17 June 2016, which will not be in time for the 2016 Expression of Interest process.

Secondly, the Ministerial direction would also defer the LT PASA associated with the 2015 ESOO and the IMO would not be able to publish this study within the 2015 calendar year, in contravention of clause 4.5.1 of the Market Rules.

Change Proposal

The IMO submitted Rule Change Proposal RC_2015_05 “Specific Transition Provisions for the 2015 Reserve Capacity Cycle” on 30 March 2015.

The IMO proposed to undertake the 2015 LT PASA and the RCR determination in 2016 and use the ESOO for the 2014 Capacity Cycle to determine the preliminary RCR for the Expressions of Interest process in relation to the 2016 Reserve Capacity Cycle.

Perth Energy’s Views

Perth Energy supports the proposed changes.

Perth Energy considers that the proposed changes provide a practical solution to the clearly unintended consequences of the Ministerial direction provided to the IMO. The proposed changes would allow the IMO to discharge its obligations under the Market Rules without (due to no fault of its own) breaching timelines set out in the Market Rules in relation to publication of certain information relating to the Reserve Capacity Cycle.

Perth Energy also considers the proposed amendments provide further clarity to all Market Participants with regard to these processes whilst the Electricity Market Review is still ongoing.

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

Perth Energy considers the proposed changes adequately addresses what could otherwise be considered a manifest error in the Market Rules. The proposed changes also provides all Market Participants with more certainty and transparency in relation to the activities associated with the Reserve Capacity Cycle.

Perth Energy considers the proposed changes are likely to positively impact the ability to achieve Market Objectives¹ (a) and (b). We have not identified any impacts on the remaining Market Objectives.

¹ (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; and

(e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

- 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 for Perth Energy flowing from the proposed changes.

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

There will be no impacts for Perth Energy flowing from the proposed changes.