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## Wholesale Electricity Market Rule Change Proposal Submission Form

### RC\_2015\_04 Documentation of the Long Term PASA for the 2014 Reserve Capacity Cycle

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#### Submitted by

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

##### Background

On 29 April 2014 the Minister for Energy gave a direction under clause 4.1.32 of the Market Rules to the Independent Market Operator (IMO). The Minister directed the IMO to defer certain processes related to the 2014 Reserve Capacity Cycle. This was due to the then just announced Energy Market Review (EMR) which had, and continues to have the potential for resulting in significant changes to the Wholesale Electricity Market (WEM). The direction from the Minister did not specifically apply to the Electricity Statement of Opportunities Report (ESOO) relating to the 2014 Reserve Capacity Cycle which was due to be published by mid June 2014.

The IMO subsequently proposed a specific rule change, "Specific Transition Provisions for the 2014 Reserve Capacity Cycle" (RC\_2014\_04) to deal with some of the flow on effects of the Ministerial Direction, including a proposal to allow the IMO to publish Long Term PASA for the 2014 Reserve Capacity Cycle in the ESOO relating to the 2015 Reserve Capacity Cycle.

On 13 March 2015 the Minister provided the IMO with a further direction to defer certain processes related to the 2015 Reserve Capacity Cycle, presumably due to the ongoing EMR.

This direction specifically included a direction to also delay the ESOO for the 2015 Reserve Capacity Cycle.

## Issues

With the deferral of the publication of the ESOO relating to the 2015 Reserve Capacity Cycle there is a potential for further delay in publishing the 2014 Long Term PASA as it is currently linked to the publication of the 2015 ESOO in clause 1.12.1 of the Market Rules.

The IMO only intended the delay of the 2014 Long Term PASA to be 12 months.

## Change Proposal

The IMO submitted Rule Change Proposal RC\_2015\_04 “Documentation of the Long Term PASA for the 2014 Reserve Capacity Cycle” on 23 March 2015. The IMO proposed to amend clause 1.12.1 of the Market Rules to allow it to publish the 2014 Long Term PASA in Year 2 of the 2014 Reserve Capacity Cycle and remove the current link to it being published in the ESOO that pertains to the 2015 Reserve Capacity Cycle.

## Perth Energy’s Views

Perth Energy supports the amendments proposed by the IMO.

The ongoing nature of the EMR means that Market Participants, potential investors and other interested parties will continue to have to accept a high level of uncertainty in relation to the direction of the Electricity Market within the South West Interconnected System (SWIS). In this setting, Perth Energy welcomes publication of the 2014 Long Term PASA as soon as possible to provide Market Participants and other interested parties with an updated view of the long term issues that may affect the system.

The information contained in the Long Term PASA is also likely to be of some value in informing decisions for the EMR and will be useful for investors and Market Participants to inform their views on opportunities that may exist in the long term within the WEM.

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

Perth Energy considers the proposed changes, allowing the publication of the already delayed 2014 Long Term PASA is likely to facilitate competition and efficient entry of generators and also facilitate safe and efficient production of electricity within the SWIS. These changes will therefore likely improve the ability to achieve Market Objectives<sup>1</sup> (a) and

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<sup>1</sup> (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

(b) and may also positively impact on Market Objective (d). We have not identified any impacts on the remaining Market Objectives.

**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.