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Alinta Sales Pty Ltd
ABN 92 089 531 984
12-14 The Esplanade
Perth WA 6000
PO Box 8348
Perth BC WA 6849
T 08 9486 3000
F 08 9221 9128
www.alinta.net.au

Discussion Paper: Annual WEM Report to the Minister
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

By email: publicsubmissions@era.wa.gov.au

DISCUSSION PAPER ANNUAL WHOLESALE ELECTRICITY MARKET REPOR TO THE MINISTER FOR ENERGY

Alinta Sales Pty Limited (Alinta) appreciates the opportunity to provide a submission to the Economic Regulation Authority (the Authority) in connection with the report it is preparing for the Minister for Energy on the effectiveness of the Wholesale Electricity Market pursuant to Market Rule 2.16.11.

The attachment provides Alinta's detailed comments in response to the discussion points contained in the Discussion Paper prepared by the Authority to assist those interested in making submissions on issues regarding the effectiveness of the Wholesale Electricity Market in meeting the Wholesale Market Objectives.

Should the Authority require further information on any of the above issues, or those discussed in the attachment, I can be contacted on 9486 3749.

Yours sincerely

Corey Dykstra
Manager Regulatory Affairs
Alinta Sales Pty Ltd

Att.

ATTACHMENT

SUBMISSION IN RESPONSE TO THE DISCUSSION PAPER "ANNUAL WHOLESALE ELECTRICITY MARKET REPOR TO THE MINISTER FOR ENERGY"

OVERVIEW OF THE WHOLESALE ELECTRICITY MARKET

Discussion Point 1

The Authority invites comment on whether the Wholesale Electricity Market Objectives are appropriate and the extent to which the Wholesale Electricity Market is effective in meeting these objectives.

The Wholesale Electricity 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, on balance, the Wholesale Electricity Market Objectives are appropriate, and that the WEM has generally been effective in meeting these Objectives.

However, Alinta suggests that with the likely continued increased penetration of renewable forms of energy, the future effectiveness of the WEM in avoiding discrimination against particular energy options and technologies may benefit from additional guidance.

Avoidance of discrimination

Specifically, Rule Change Proposal RC_2008_31 claimed that the Market Rules acted as a disincentive to the establishment of solar facilities, and sought to amend the Market Rules to enable Capacity Credits to be assigned to solar facilities using a methodology that it was claimed more closely approximated the capacity that would be available from these facilities during periods of peak system demand.

RC_2008_31 was ultimately rejected because independent analysis concluded that the methodology proposed by RC_2008_31 would be unlikely to ensure that Capacity Credits for solar facilities more closely approximated the capacity that would be available from those facilities during periods of peak system demand.

However, the IMO's draft Rule Change Report also rejected Alinta's suggestion that RC_2008_31 apply only to solar facilities, on the basis that to do so would be detrimental to the achievement of Market Objective (c). Specifically, the Rule Change Report argued that amending RC_2008_31 as suggested by Alinta would treat solar facilities differently from other generators, and that this was against the intent of Market Objective (c).

In response, Alinta noted that the manner in which the Market Rules certified capacity did not explicitly discriminate against solar facilities, but that it had nevertheless been argued in RC_2008_31 that the implicit effect of the Market Rules was to discriminate against solar facilities. On this basis, Alinta argued that it was unclear how a targeted amendment to the Market Rules that sought only to rectify a perceived implicit discrimination against solar facilities could be considered to be against the intent of Market Objective (c).

Alinta believes that ultimately the Market Rules should ensure that Facilities can deliver the amount of capacity for which they have been certified when that capacity is required by the market irrespective of generation technology. It appears conceivable that this may require that the Market Rules treat some Facilities differently to other Facilities (for example, intermittent Facilities). However, any differences would (or should) be justified on the basis that they are directed only at ensuring consistent market outcomes/obligations across generation technologies. Alinta does not consider that such differences would be inconsistent with Market Objective (c).

Further, given the absence of empirical evidence on how RC_2008_31 might have affected the certification of capacity from other technologies (and that the intuitive logic supporting RC_2008_31 for solar facilities was found not to be supported by the empirical evidence), Alinta considers it would have been unsafe to amend the Market Rules to allow any Facility to adopt the calculation process proposed by RC_2008_31 simply on the basis that this is required by the 'non-discrimination' element of Market Objective (c).

REFINEMENTS TO THE EXISTING WHOLESALE ELECTRICITY MARKET DESIGN

Network Connection Applications, Access Rights and Capital Contributions for Shared Network Assets

Discussion Point 2

The Authority invites comment on the extent to which the risk that a network connection application will not be offered on time impacts on investment incentives, including incentives to invest in new facilities in particular geographic locations of the network.

Discussion Point 3

The Authority invites comment on network connection applications. In particular:

- *to what extent would it be appropriate for Western Power to require that a sizeable bond be lodged with an application for network access;*
- *to what extent would it be appropriate for Western Power to discriminate between connection applicants (other than based on their places in the sequence of the relevant queue); and*
- *if other means of discrimination between connection applicants are appropriate, taking into consideration Western Power's queuing guide, what should be the basis for such discrimination.*

Alinta has previously commented that it is concerned that Western Power's existing network Application and Queuing Policy (AQP), which operate on a "first come, first served" basis (although there is provision for "bypass" of connection applications under certain circumstances), in combination with its (Capital) Contribution Policy, may inhibit the efficient entry of generators into the market, create barriers to entry in markets upstream and downstream of the network, and have a negative impact on competition on those markets.[1]

These outcomes may arise as connection costs (and hence capital contributions) under Western Power's current policies are highly likely to be dependent on the place of a prospective generator's network connection application in the queue. Consequently, entry into the generation market may be materially affected by when a generator lodged a connection application, and hence its place in the queue, rather than by its efficiency. This issue is discussed further in Discussion Point 4.

Alinta supports the observations of the Australian Energy Market Commission (AEMC), to which the Authority referred in its Draft Decision on Western Power's proposed revisions to the Access Arrangements for the SWIN. Specifically, that:

> *"[c]urrent rules of the wholesale electricity market require a generator to have an access contract offer before the generator can benefit from the reserve capacity mechanism. This, in combination with the first-come first-served queue for access requests, encourages developers to apply for connection of generation projects in the very early stages of development....and to submit many connection applications to secure places in the queue rather than limiting applications to projects with reasonable certainty of proceeding.*[2]

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1 Alinta Sales Pty Ltd, Submission to the Access Arrangement Review, dated 17 December 2008, available at http://www.era.wa.gov.au/3/719/48/access_arrangem.pm

2 Economic Regulation Authority, 2009, Draft Decision on Proposed Revisions to the Access Arrangement for the South West Interconnected Network, July 2009, paragraph 1070.

The AEMC went on to recommend that Western Power's connections applications process be modified, including through the release of more information to the market, segregating applications in the connections queue on a regional basis, and potentially restructuring the connection application charge regime.[3]

In principle, Alinta considers there would be merit in considering whether a requirement to lodge a bond, and/or pay an annual renewal fee as suggested by the AEMC, might address some of the short comings of the current AQP and result in a more efficient queue. However, care would need to be taken to ensure that the bond did not constitute an unreasonable barrier to entry. It would also be necessary to consider whether Western Power should be permitted to benefit financially should there be a requirement to lodge a bond or pay an annual renewal fee.

On the one hand, such an approach may generate additional revenue that allows Western Power to employ additional resources to the analysis and evaluation of network access applications. However, it could also be argued that this is a core function that is already resourced as part of Western Power's operating costs approved by the Authority as part of the Access Arrangement, and that if Western Power was to financially benefit from a requirement to lodge a bond or pay an annual renewal fee, this may actually act to decrease its incentive to progress network access applications.

Alinta notes that the Authority has indicated that some stakeholders have suggested to it that Western Power should discriminate between applications on the basis of the 'commerciality' of the application, assessed based on the criteria used by the IMO to allocate Reserve Capacity Credits. Conversely, Western Power has suggested it would prefer to prioritise applications on the basis of applicants' readiness to enter a connection agreement.

While Alinta considers that the Code objective would be better served through allowing Western Power to prioritise network access applications other than on a first-come first-served basis, it would be necessary to ensure that transparent, objective and unambiguous criteria were established to guide the prioritisation process.[4]

Alinta does not support Western Power being able to prioritise network access applications on the basis of applicants' readiness to enter into an Electricity Transfer Access Contract (ETAC). Alinta considers this would significantly undermine the ability of applicants to negotiate a variation in the terms and conditions of the standard ETAC with Western Power.

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3 Australian Energy Markets Commission, 2009, Review of Energy Market Frameworks in light of Climate Change Policies, 2nd Interim Report, 30 June 2009, p.115.

4 The Code Objective is "...to promote the economically efficient investment in, and operation and use of networks and services of networks in Western Australia, in order to promote competition in markets upstream and downstream of the networks".

It is also unclear that the criteria used by the IMO to allocate Capacity Credits to new Facilities would necessarily form an appropriate set of criteria for prioritising network access applications. It would appear that the criteria being referred to are those used by the IMO to determine whether a facility is 'under construction' (from 1 November 2009, this will be amended to 'committed').[5] Two key elements that feature in the criteria (from 1 November 2009) are whether:

- the project proponent has entered into a financial commitment with the primary equipment supplier (for example, by way of a signed contract indicating purchase of the main plant equipment including penalty clauses associated with non-compliance of the purchase agreement); and
- there has been a formal commitment, including financial approval, by the project proponent in respect of the project (for example, the project has been approved by the company's Board).

As noted above, network connection costs (and hence capital contributions) under Western Power's current policies are highly likely to be dependent on the place of a prospective generator's network connection application in the queue. In addition, Western Power's existing approach to capital contributions for "deep connection charges" can impose a significant financial burden on new generators.

For these reasons, Alinta contends that it would be unreasonable to expect that a project would be able to satisfy the IMO's 'under construction' (or from 1 November 2009, 'committed') criteria without Western Power having analysed and evaluated the proponent's network access application.

Discussion Point 4

The Authority invites comment on the application of deep connection charges set by Western Power.

Alinta has previously commented that it considers Western Power's current approach with respect to capital contributions may lead to inefficient generation market entry, create barriers to entry in markets upstream and downstream of the network, and have a negative impact on competition on those markets.[6]

The existing approach to capital contributions for "deep connection charges" that has been adopted by Western Power can impose a significant financial burden on new generators. For example, connection costs that Western Power seeks to recover from new generators through capital contributions may include costs it claims are necessary to reinforce the broader network, including for example providing reactive power compensation deep within the network.

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5 The factors which are taken into consideration by the IMO when assessing whether a project is 'under construction' (from 1 November 2009, 'committed') are contained in the Market Procedure for Declaration of Bilateral Trades and the Reserve Capacity Auction Procedure which is available on the IMO website: http://www.imowa.com.au/10_5_1_a_vi_market_procedures.htm

6 Alinta Sales Pty Ltd, Submission to the Access Arrangement Review, dated 17 December 2008, available at http://www.era.wa.gov.au/3/719/48/access_arrangem.pm

Under the "deep approach" to capital contributions, inefficient new generators may connect to the network because connections costs (and capital contributions) are highly dependent on the plant's position in the network connection queue (which is governed by the AQP). The costs of connecting a generator to the network are likely to be highly dependent on the place in the queue. Consequently, generation market entry may be determined by when a plant lodged its electricity transfer application or connection application, rather than by its efficiency.

Again, Alinta considers that the Market Objectives (and the Code objective) would be better served if Western Power's Contributions Policy was brought into line with the approach taken in other jurisdictions (nationally and internationally), by adopting a "shallow approach" to establishing connection costs for new generators seeking connection to the network. Specifically, if demand for electricity (or capacity) is sufficient to justify the entry of new generators, then the costs associated with providing reactive power works for example, should be shared among all network users. Moving the cost of such shared assets into common infrastructure would promote competition in generation, and would assist in facilitating more efficient generation investment.

Decommitment of Thermal Plant

Discussion Point 5

The Authority invites comment on the decommitment of thermal plant. In particular:

- *to what extent is the overnight decommitment of thermal plants consistent with the Market Objectives; and*
- *given that System Management will be guided by the Dispatch Merit Order and by system reliability considerations, to what extent is System Management's approach for decommitting plant overnight is appropriate, transparent and predictable.*

Alinta considers that there is presently not sufficient transparency around System Management's approach to decommitting thermal plant overnight to allow it to form a view as to whether System Management's actions are reasonable, appropriate and/or predictable.

In this context, the AEMC recently recommended that the transparency of System Management's dispatch decisions and balancing actions be increased, with this being an interim step ahead of considering further future reforms of dispatch and balancing arrangements.

The IMO also recently engaged a consultant to provide it with preliminary advice on issues that might be associated with, and options for, establishing a competitive balancing market within current WEM arrangements. The consultant's analysis and conclusions were discussed with the Market Advisory Committee (MAC) at its July 2009 meeting. The consultant suggested that economic efficiency might be improved through options that sought to reduce real time balancing needs and/or open up the provision of balancing to competition.

Alinta strongly agrees with the AEMC's draft recommendation that the transparency of dispatch decisions and balancing actions, and the associated costs, in the WEM should be increased in the first instance, and that this be an interim step ahead of considering further reforms of dispatch and balancing arrangements in the WEM. In the absence of increased transparency around the dispatch decisions and balancing actions, and the associated costs this interim step, efforts to increase the efficiency of balancing arrangements in the WEM, while well intentioned, could ultimately be misguided.

Penetration of Intermittent Generation

Discussion Point 6

The Authority invites comment on issues surrounding the penetration of intermittent generation in the Wholesale Electricity Market. In particular, what approach is required to balance system security and avoid discrimination against any generation technology?

As noted in Discussion Point 1, Alinta believes that ultimately the Market Rules should ensure that Facilities can deliver the amount of capacity for which they have been certified when that capacity is required by the market irrespective of generation technology. It appears conceivable that this may require that the Market Rules treat some Facilities differently to other Facilities (for example, intermittent Facilities). However, any differences would (or should) be justified on the basis that they are directed only at ensuring consistent market outcomes/obligations across generation technologies. Alinta does not consider that any such differences in the Market Rules would be inconsistent with Market Objective (c).

Nevertheless, as noted in Discussion Point 1, with the likely continued increased penetration of renewable forms of energy, the requirement in the WEM Objectives to avoid discrimination against particular energy options and technologies may benefit from additional guidance.

Transparency of Outages

Discussion Point 7

The Authority invites comment on the adequacy of plant outage information in light of:

- *the potential benefits and costs of wider dissemination of outage information; and*
- *the IMO's analysis of outage information dissemination in relation to the proposed Rule change RC_2009_05 Confidentiality of Accepted Outages.*

As a general principle, Alinta considers that measures that increase transparency within the WEM are likely to be consistent with, and support the achievement of, the Market Objectives. Making information on Scheduled Outages available to all Market Participants would enable Market Generators to better coordinate planned facility outages. It is unclear that the wider dissemination of Scheduled Outage information has the potential to result in material costs, and for this reason, Alinta considers the Market Objectives are likely to be better facilitated.

Alinta notes that the IMO's final decision on RC_2009_05 was to accept the proposed amendments to Market Rules 3.18.4 and 3.18.5D, allowing the provision of information on Scheduled Outages by System Management to Western Power in its role as operator of the SWIN. It was suggested that these amendments would enable Western Power to better coordinate network outages with scheduled generation outages.

The Final Rule Change Report indicated that the IMO had informally consulted with Market Participants to ascertain views on making information on Scheduled Outages available to all affected Market Participants, rather than restricting the provision of this information to Western Power. The Final rule Change Report indicates that two parties opposed the wider dissemination of information on Scheduled Outages, while another two parties consulted by the IMO indicated support for making information on Scheduled Outages available to all affected Market Participants, although one was prepared to accept the information being restricted to Western Power as the network operator.

While Alinta did not provide a submission in response of RC_2009_05, it provided in principle support for making information on Scheduled Outages available to all affected Market Participants at the relevant MAC meeting. Alinta agrees with the IMO's assessment that the amendment to the Market Rules arising from RC_2009_05 are likely to be consistent with, and support the achievement of, the Market Objectives.

Alinta notes that the Market Rules do not oblige the IMO to consider whether there is an alternative to the amendments proposed in a rule change proposal that might better achieve the Market Objectives. In addition, it would appear that there was no obligation under the Market Rules for System Management, as the submitter of RC_2009_05, to ensure the amendments it proposed to the Market Rules are the most effective of the potential alternative options that might be available.

On this basis, while Alinta does not consider that the informal consultation conducted by the IMO on behalf of System Management in respect of the two alternative options should in any way form grounds for choosing to restrict the provision of information on Scheduled Outages to Western Power (rather than also providing this information to affected Market Participants), the Market Rules do not appear to impose any requirements with respect to assessing the merits of a particular Rule Change Proposal relative to potential better alternative options.

Alinta considers that the effective and efficient achievement of the Market Objectives may benefit from addressing some of the limitations of the existing rule change process, and further comments on the existing rule change process are provided below in Discussion Point 12.

Ancillary Services Procurement

Discussion Point 8

The Authority invites comment on what factors may inhibit a generator from participating in the competitive procurement of ancillary services.

Alinta notes that System Management submitted RC_2008_38 to facilitate it to entering into an ancillary services contract for Spinning Reserve and Load Following, assuming that 'least cost' was otherwise established. In part, it appears the objective of RC_2008_38 was to facilitate the competitive procurement of ancillary services by System Management. Alinta notes that the IMO's final decision on RC_2008_38 to accept the proposed addition of Market Rule 3.11.8E and amendments to Market Rule 6.17.6 as proposed by System Management, subject to some minor changes to improve the drafting and to clarify the requirements for a contract.

In its submission to RC_2008_38, Alinta noted that by clarifying the basis on which Spinning Reserve or Load Following ancillary services provided by Rule Participants other than Verve would be settled, the Market Rules may better facilitate System Management determining whether there are less expensive alternatives to Spinning Reserve and Load Following ancillary services currently provided by Verve's Facilities.

However, Alinta also commented that if the underlying intent behind RC_2008_38 was to more effectively support future competitive tendering for these ancillary services (that is, to encourage and support Rule Participants other than Verve offering to provide Spinning Reserve or Load Following ancillary services), it was unclear that such an outcome would be better facilitated. This was for the following reasons.

- RC_2008_38 specified only that the availability payment is to be based on input parameters determined under Market Rule 3.13.3. It does not clearly identify the basis on which availability payments for Spinning Reserve or Load Following ancillary services provided by Rule Participants would be determined.

- Given energy provided for Spinning Reserve or Load Following under an ancillary service contract by a Rule Participant other than Verve would be settled at MCAP (which cannot be forecast with any degree of certainty), it is unclear whether the amended Market Rules would provide the level of certainty that would be likely to be required by Rule Participants in order to offer to provide Spinning Reserve or Load Following ancillary services in a competitive market.

For these reasons, Alinta argued that it was unclear that there were benefits associated with RC_2008_38 other than at the margin for System Management. Alinta considered that the Market Rules as amended by RC_2008_38 would not provide Rule Participants with the level of clarity and certainty that would be required in order to competitively offer to provide Spinning Reserve or Load Following ancillary services.

Consequently, it argued that if the underlying intent of RC_2008_38 was to support the emergence of a competitive market for ancillary services, a more comprehensive review would need to be undertaken of the basis on which ancillary services are currently procured and settled, with a view to determining what changes are necessary to support the emergence of a competitive market for the provision of ancillary services.

For example, a critical issue for Market Generators will be the extent to which facilities might receive additional compensation where System Management procures ancillary services from the (non-Verve) facility, and the provision of the ancillary service requires the facility to be 'backed-out' of the energy market. In this case, forgone market revenue would be based on MCAP, whereas replacement revenue from providing the ancillary service at contracted prices may be substantially lower. The absence of a mechanism that enabled facilities to be compensated for the net loss of revenue in these circumstances is likely to act as a significant disincentive for Market Generators to participate in a competitive market for the procurement of ancillary services.

Location Signals to New Generation

Discussion Point 9

The Authority invites comment on any concerns in respect of the provisions of location signals to new generation and how these concerns may be addressed within the context of the Market Rules.

As noted by the Authority, to the extent that location decisions by proposed new facilities necessitate augmentation of the shared network, the cost of any such augmentation would currently be reflected in the capital contribution required to be paid by the connecting generators.

Metering

Discussion Point 10

The Authority invites comment on the key benefits and costs of installing revenue-quality meters at Verve Energy's plants in place of relying on System Management's Supervisory Control and Data Acquisition (SCADA) data.

The Authority also invites comment on the key benefits and costs of using estimated meter readings for the first round of settlement instead of waiting for all interval meters to be read by the metering data agent.

Clause 3.14 of the *Electricity Industry Metering Code 2005* explicitly exempts Code participants from needing to upgrade, modify or replace metering installations or any part of a metering installation that was commissioned before the Code commenced.

Nevertheless, it may be appropriate to initially install revenue–quality meters at a small number of Verve's facilities, say two to three, in order to ascertain the potential inaccuracy introduced into the settlement process though System Management's use of Supervisory Control and Data Acquisition (SCADA) data. Information gained from comparing data from the revenue-quality meters and SCADA data at these facilities could then be used to extrapolate the likely inaccuracy introduced in the settlement of the market through the use of SCADA data at Verve facilities.

Once a clearer insight is gained into the likely extent of the inaccuracy introduced in the settlement of the market by the use of SCADA data for Verve's facilities, it will be possible to consider the benefits associated with Verve installing revenue-quality meters at each of its facilities with the costs that would be incurred.

Alinta considers there are likely to be significant net benefits from moving to settle non-STEM transactions based on estimates within seven days of the end of each calendar month. For Market Participants, there would be significant commercial benefits as each party would obtain a more timely and accurate understanding of their respective commercial position. This is likely to be of particular benefit for smaller Market Participants.

With respect to increasing the availability of revenue-quality metering data from large customers that do not have telemetry in order to reduce time lags in market settlement, if non-STEM transactions were initially settled based on estimates within seven days of the end of each calendar month, there may be an increased commercial incentive for retailers to choose to install a higher level of metering (including telemetry) than might be required by the *Electricity Industry Metering Code 2005*. However, such commercial incentives are unlikely to arise in the absence of moved to settle non-STEM transactions much closer to the end of each calendar month.

Competitive Balancing

Discussion Point 11

The Authority invites comment on competitive balancing. In particular, ahead of the introduction of competitive balancing, to what extent is it appropriate to:

- *require the equivalent of a Resource Plan from Verve Energy;*
- *enhance reporting in respect of outages by unit, and fuel usage changes from plan; and*
- *make any other operational changes.*

In order to facilitate efficient economic outcomes following the introduction of the Federal Government's proposed Carbon Pollution Reduction Scheme (CPRS) and the expanded Renewable Energy Target (RET), the AEMC recommended that the transparency of System Management's dispatch decisions and balancing actions, and the associated costs, be increased in the first instance, with this being an interim step ahead of considering further future reforms of dispatch and balancing arrangements.

The IMO also recently engaged a consultant to provide it with preliminary advice on issues that might be associated with, and options for, establishing a competitive balancing market within current WEM arrangements. The consultant's analysis and conclusions were discussed with the MAC at its July 2009 meeting. The consultant suggested that economic efficiency of balancing arrangements might be improved through options that sought to reduce real time balancing needs and/or open up the provision of balancing to competition.

It is possible that efforts to increase the efficiency of balancing arrangements in the WEM, while well intentioned, could ultimately be misguided in the absence of increased transparency around the dispatch decisions and balancing actions, and the associated costs. For this reason, Alinta strongly supports the AEMC's recommendation that the transparency of dispatch decisions and balancing actions, and the associated costs, be increased as an interim step ahead of considering further reforms of dispatch and balancing arrangements.

Alinta considers that making available publicly the following information would assist in increasing the transparency of dispatch decisions and balancing actions taken by System Management, and the associated costs.

- Market Participants' Short Term Energy Market (STEM) bids and offers (this information is already published, with a lag of around two to three weeks)
- Facility level resource plans for Market Participants and schedules for Verve, which are understood to be the equivalent of other Participant's Resource Plans
- Actual output by Facility

As with Market Participants' published bid and offer data, Alinta suggests this information could be published with a two to three week lag. Such a lag would minimise the potential for Market Participants to seek to use the information to inform short term bidding and dispatch decision, while still remaining valuable in allowing the IMO, System Management and Market Participants understand the dispatch decisions and balancing actions taken by System Management, and the likely cost of these decision and actions.

Alinta also believes that the Market Objectives might be better facilitated if Market Generators were able to submit Participant-level resource plans (rather than facility-level resource plans), which would enable a Market Generator to exchange output between facilities. Such an operational change would likely reduce the requirement for System Management to take balancing actions.

As noted in Discussion Point 7, as a general principle, Alinta considers that measures that increase transparency within the WEM are likely to be consistent with, and support the achievement of, the Market Objectives. For this reason, Alinta would support, in principle, enhanced reporting in respect of outages by facility and fuel usage changes from plan, with this information also potentially being made available to Market Participants.

Rule Change Process

Discussion Point 12

The Authority invites comment on the Rule change process. In particular, given the potential for the more active Market Participants to be better placed to argue their position on Rule change proposals, the Authority invites comment on:

- *whether there is sufficient balance in the Market Participant classes represented on the Market Advisory Committee; and*
- *whether a better resourced Independent Market Operator could address concerns relating to the self-interested positions taken by Market Participants.*

Alinta believes there is an adequate balance in the Market Participant classes represented on the MAC. In terms of concerns that MAC members may adopt a self-interested position with respect to Rule Change Proposals, the IMO may wish to consider requiring that where a MAC member's employing organisation has submitted a Rule Change Proposal, the member be required to excuse themselves from involvement in any discussion at MAC meetings on the Rule Change Proposal.

While an active member of the MAC, Alinta agrees with the concerns raised by stakeholders with respect of the number of Rule Change Proposals in train at any one time, and the process for devising and refining Rule Change Proposals.

Alinta considers that the Market Rules and associated processes do not currently place a sufficient obligation on submitters of Rule Change Proposals to clearly articulate the issue that is being addressed in the Rule Change Proposal, the outcome that the Rule Change Proposal is intended to achieve, and also to provide at least some empirical evidence to support the submitter's argument for how the Rule Change Proposal will achieve the desired outcome, while being consistent with the Market Objectives.

For example, Rule Change Proposal RC_2008_35 was based on an intuitive argument that was subsequently found not to be supported by empirical evidence. It does not appear unreasonable that the submitter of that Rule Change Proposal should have been required to provide at least some preliminary empirical evidence to support its claims. In other cases (e.g. RC_2008_34), it appears that parties have been actively solicited to submit responses to a Rule Change Proposal and/or Draft Rule Change Report. While this is not problematic in itself, in some cases these submissions reveal a poor understanding of the entirety of the issues raised by the Rule Change Proposal.

Alinta appreciates that the IMO has sought to increase the robustness of the rule change process through, for example, preliminary 'rule change concept papers' and public workshops. However, it would appear there may still be a perception amongst Market Participants that the rule change process is currently something of a 'popularity contest'. That is, it is the volume of submissions for and against the Rule Change Proposal that determines the IMO's decision, rather than an impartial assessment of the empirical evidence that might provide a basis for the Amending Rules.

To a large extent, these outcomes would appear to simply reflect the low evidence threshold set in the Market Rules for rule changes and the restricted role assigned to the IMO. For example, as noted in Discussion Point 7, it would appear that there is no obligation under the Market Rules for the submitter of a Rule Change Proposal to ensure the amendments it proposes to the Market Rules are likely to be the most effective of the potential alternative options that might be available. In addition, the Market Rules do not oblige the IMO to consider whether there is an alternative to the amendments proposed in a rule change proposal that might be more consistent with the Market Objectives.

Market Rule 2.4.3(e) allows the IMO, in assessing whether or not to make Amending Rules, to have regard to any technical studies that it considers are necessary to assist in assessing the Rule Change Proposal. To the extent that Rule Change Proposals do not provide empirical evidence to support the submitter's argument for how the Rule Change Proposal will achieve the desired outcome, allocating additional resources to the IMO may allow it to commission additional technical studies to examine these points. However, Alinta is not convinced that shifting the obligation to provide evidence in support of the Rule Change Proposal from its originator to the IMO is necessarily desirable.

Market Rule 2.4.2 requires only 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 (refer Discussion Point 1). However, the Market Rules do not appear to provide guidance as to whether the IMO may make Amending Rules where it:

- concludes that a Rule Change Proposal is not consistent with one or more Market Objectives, but consistent with the remainder; or

- is unable to conclude whether a Rule Change Proposal is consistent with each of the Market Objectives.

Further, the Market Rules also appear to be silent on whether the IMO may assign a weighting to individual Market Objectives, and hence conclude that the 'weighted average effect' of the Rule Change Proposal is consistent with 'weighted average' of the Market Objectives.

In its Final Rule Change report on RC_2009_11, the IMO indicated that in assessing a Rule Change Proposal, it must decide whether the proposed Amending Rules as a whole would still be consistent with the Market Objectives if the Rules were amended as proposed, and that this allows it to determine whether the changes will result in a net benefit to the market. The IMO also advised that it does not currently assign weights to each individual market objective, but that the assessment criterion is against the Market Objectives as a whole.

Overall, it appears that the 'consistency' threshold established by Market Rule 2.4.2 for approving Rule Change Proposals represents a relatively low 'hurdle'. It may be appropriate for consideration to be given to amending Market Rule 2.4.2 so that the IMO is permitted to make Amending Rules only where it is satisfied that the Market Rules, as proposed to be amended or replaced, will better achieve each of the Wholesale Market Objectives (than the existing Market Rules).

Discussion Point 13

The Authority invites comment on:

- *the extent to which the Rule change process could be reasonably delineated to separate operational from more strategic matters; and*
- *whether a different assessment process should apply to strategic Rule changes.*

Alinta considers it would be desirable for the Rule change process to distinguish 'operational' Rule Change Proposals from those that are more strategic in nature. It would appear possible to establish explicit criteria that would guide the IMO in assessing whether a Rule Change Proposal was operational or strategic, similar to that which already exists in determining whether a Rule Change Proposal may be subject to the Fast Track Rule Change Process.

Should it be possible to establish explicit criteria to distinguish between operational and strategic Rule Change Proposals, Alinta considers that it would be appropriate for a different assessment process to apply for strategic Rule Change Proposals to the extent this was permitted under the Market Rules. For example, it could be a process requirement that the IMO commissioned technical studies in respect of strategic Rule Change Proposals.

The IMO presented a Market Rules Evolution Plan Issues Paper to the June 2009 MAC meeting, which reported areas of the Market Rules that had been identified as requiring further development by stakeholders. Subsequent to the June 2009 meeting, the IMO requested that MAC members assign a relative priority ranking to each of 13 categories into which the issues identified by stakeholders had been grouped. The objective of this prioritisation was to assist the IMO in setting its work priorities for the next phase of Market development.

Although the Market Rules allow any person to make a Rule Change Proposal, Alinta notes that the Market Rules also appear to provide the IMO with a discretionary power in determining whether or not to progress with a Rule Change Proposal [refer Market Rules 2.5.6 and 2.5.7(e)]. It may be appropriate for the IMO to use this discretionary power to elect to progress only Rule Change Proposals that meet the requirements for the Fast Track Rule Change Process or that fall into one of the higher ranked of the 13 categories into which the issues identified by stakeholders had been grouped as part of the Market Rules Evolution Plan Issues Paper.

Performance of the Independent Market Operator, System Management and the Economic Regulation Authority

Discussion Point 14

The Authority invites comment on the effectiveness of the Independent Market Operator, System Management and the Economic Regulation Authority.

Alinta considers that, on balance, the IMO, System Management and the Authority have generally been effective.

As noted in Discussion Point 12, Alinta appreciates that the IMO has sought to increase the robustness of the rule change process through, for example, preliminary 'rule change concept papers' and public workshops.

However, there may be a significant potential conflict of interest in the IMO's multiple roles in the WEM. Specifically, it is responsible for determining whether or not to make Amending Rules, it is the Market Operator, and it is responsible for enforcing the Market Rules. In the National Electricity Market, these three roles are performed by separate entities, being the AEMC, the Australian Energy Market Operator and the Australian Energy Regulator. Given the significantly smaller size of the WEM, the delineation of these responsibilities into separate entities may not be efficient or warranted, but it may be appropriate to consider whether there is merit is more formally delineating these responsibilities.

As noted in Discussion Point 11, Alinta strongly supports the transparency of dispatch decisions and balancing actions taken by System Management being increased. Increased transparency would allow Market Participants to make a more informed assessment as to the effectiveness of System Management, as well as the efficiency of costs incurred by the market.

FUNDAMENTAL CHANGES TO THE WHOLESALE ELECTRICITY MARKET DESIGN

Network Planning Approach

Discussion Point 15

The Authority invites comment on options for promoting efficiency in network planning and investment that are consistent with the Reserve Capacity Mechanism requirements.

The AEMC identified three measures that it considered would result in more efficient use of capacity in the existing SWIN. These were as follows.

- *Generators could be connected on a non-firm, or "potentially constrained", basis, rather than being delayed until unconstrained access can be provided through network augmentation. Such generators would be required through generator "run-back" schemes to reduce generation when their unconstrained output would cause overloading of transmission assets*[7]*. Western Power already has runback schemes in place with two recent generation projects on a temporary, although indefinite, basis.*
- *Western Power's planning standard of N-1, used to provide unconstrained access for generation, could be relaxed, without reducing the security standard to consumers. If the security standard for generators was reduced to N-0 this would mean that if a transmission line was tripped, some generation may be constrained off the system, but other market mechanisms could ensure that sufficient generation was still available to meet demand. The current policy applies a higher security standard than in markets such as the NEM and New Zealand.*
- *A more dynamic approach to line rating, for example taking account of wind chill, could be employed. Currently, when planning for generator connections, the worst case (summer peak) line ratings are applied.* [8]

The AEMC noted that these recommendations would have implications for System Management's processes, the Balancing Mechanism and the RCM. For example, it noted that a constrain management tool would be required, that the structure of deviation charges would need to be reviewed and that the manner in which Capacity Credits is assigned in the RCM may need to be adjusted.

Alinta agrees with the AEMC's suggestion that a full benefit cost analysis should be undertaken of a potential move towards a security constrained dispatch.

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7 If connected on a non-firm, or '"potentially constrained", basis, these generators should not be compensated if they were 'backed-out' of the energy market.

8 Australian Energy Markets Commission, 2009, Review of Energy Market Frameworks in light of Climate Change Policies, 2nd Interim Report, 30 June 2009, p.121.

Alinta

Short Term Energy Market

Discussion Point 16

The Authority invites comment on the gate closure timing in the Short Term Energy Market (STEM). In particular, given that the issue of STEM gate closure timing will be considered as a part of the proposed road map process, the Authority invites comment on:

- *leaving the STEM gate closure as it is; or*
- *moving STEM gate closure closer to the start of the trading day.*

The IMO presented a Market Rules Evolution Plan Issues Paper to the June 2009 MAC meeting, which reported areas of the Market Rules that had been identified as requiring further development by stakeholders. Subsequent to the June 2009 meeting, the IMO requested that MAC members assign a relative priority ranking to each of 13 categories into which the issues identified by stakeholders had been grouped. The objective of this prioritisation was to assist the IMO in setting its work priorities for the next phase of Market development.

One of the 13 categories was the closer alignment of the 'gate closure' in the STEM, which occurs at 9.50am on the day before the electricity day, with the confirmation of gas pipeline nominations at 8 am at the commencement of each gas trading day.

Alinta notes that while closer alignment of the STEM and gas market gate closures was ranked as the highest priority issue for the Office of Energy, electricity Market Participants themselves ranked the issue as middle to lower order priority. As a result, it appears that the majority of Market Participants are content to leave the STEM gate closure as is. This outcome likely reflects Market Participants view that a move towards a competitive balancing market is higher priority and, if achieved, may make the existing STEM and Balancing Mechanism largely redundant.

Discussion Point 17

The Authority invites comment on the benefits provided by the Short Term Energy Market (STEM).

While the STEM may currently provide little trading benefit, it does provide a price setting mechanism for balancing and an availability measurement. As noted in Discussion Point 16, it appears that Market Participants consider a move towards a competitive balancing market a high priority and, if achieved, this may make the existing STEM and Balancing Mechanism largely redundant.

Alinta

Price Caps and Bidding Rules

Discussion Point 18

The Authority invites comment on the appropriateness of the price caps and bidding rules in the Wholesale Electricity Market.

In general, Alinta supports simplification of the Market Rules where possible, but does not consider the removal of one (or both) of the price caps, with the short run marginal cost (SRMC) bidding rule continuing, to be a material issue.

Recent analysis undertaken for the IMO also suggests that the existing price caps have not bound market behaviour as:

- from market start to 28 May 2009, STEM prices were within 5 per cent of the Maximum STEM Price about 5.2 per cent of the time, and within 5 per cent of the Alternative Maximum STEM Price about 1.8% of the time; and
- since November 2007, the STEM price has been within 5 per cent of the Maximum STEM Price cap only 1.8 per cent of the time, and the Alternative Maximum STEM price has only been approached to within 22 per cent.[9]

The IMO presented a Market Rules Evolution Plan Issues Paper to the June 2009 MAC meeting, which reported areas of the Market Rules that had been identified as requiring further development by stakeholders. Subsequent to the June 2009 meeting, the IMO requested that MAC members assign a relative priority ranking to each of 13 categories into which the issues identified by stakeholders had been grouped. The objective of this prioritisation was to assist the IMO in setting its work priorities for the next phase of Market development.

One of the 13 categories was 'energy price limits', and in particular whether the lower price limit for non-liquid fuelled facilities could be removed, retaining only the alternative maximum STEM price for liquid fuelled facilities. Alinta notes that electricity Market Participants ranked this issue as a relatively low priority.

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9 McLennan Magasanik Associates 2009, *Energy Price Limits for the Wholesale Electricity Market in Western Australia from October 2009*, Report to Independent Market Operator, 8 July 2009, p.15.

Reserve Capacity Mechanism

Discussion Point 19

The Authority invites comment on the appropriateness of the Reserve Capacity Mechanism for determining the Reserve Capacity Price. In particular:

- *is there any evidence demonstrating that overall pricing signals provided in the Wholesale Electricity Market (for capacity and energy) are encouraging an inappropriate mix of plant; and*
- *are there alternative mechanisms, or changes to the Reserve Capacity Mechanism, that could better achieve the Market Objective of promoting the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West Interconnected System.*

In assigning Capacity Credits to schedulable facilities, and in setting the Maximum Reserve Capacity Price, the RCM does not currently differentiate between facilities based on fuel type, or the ability of facilities to operate using more than one type of fuel. The economically efficient, safe and reliable production and supply of electricity may be promoted if this were the case. Consequently, Alinta suggests it may be desirable for the IMO to be requested to consider whether it would be desirable for the RCM to financially incentivise dual fuel facilities and/or to discriminate in the allocation of capacity credits to facilities based on fuel type.

Discussion Point 20

The Authority invites comment on the merits of moving the Reserve Capacity Mechanism to more than 2 years in advance of the relevant Capacity Year, and the extent to which such a change could assist in resolving network access application problems.

Alinta notes that a recent Rule Change Proposal, RC_2009_10, proposed that the Market Rules be amended to introduce the concept of Early Certified Reserve Capacity (ECRC), which would assign Capacity Credits to a (committed) Facility outside of the current Reserve Capacity Cycle, and would not require a subsequent application to the IMO for Certified Reserve Capacity as part of a future Reserve Capacity Cycle.

Alinta did not support RC_2009_10, arguing that the Rule Change Proposal lacked demonstrable benefits, would introduce additional complexity into the Market Rules, and may result in less efficient market outcomes.

Alinta

Firstly, no evidence is provided in the rule change proposal to support a conclusion that there is a need to amend the existing Market Rules as proposed by RC_2009_10. In fact, it is arguable that the observable evidence indicates that the existing Reserve Capacity mechanism and the current Reserve Capacity Cycle have successfully delivered the Reserve Capacity Requirement determined for each Capacity Year to date.

Second, it is implied in RC_2009_10 that the amendments to the Market Rules being contemplated are necessary to provide certainty to developers of generation projects with 'long lead times' and would "...have a positive effect on the ability...to secure financing...". However, RC_2009_10 would make the assignment of Capacity Credits through ECRC mechanism contingent on the Facility being deemed to be 'committed' by the IMO.

Although the current Market Rules require Facilities to be 'under construction' to be assigned Capacity Credits, these references are also to be amended to 'committed' if RC_2009_07 is approved. In part, the argument in support of RC_2009_07 was that references to 'under construction' discriminated against Facilities with a short construction period (i.e. less than 24 months) that did not require to physically be constructed at least 24 months ahead of the Facility entering the market.

Discussion Point 21

The Authority invites comment on the extent to which changes to the Reserve Capacity refund mechanism can better promote the Market Objectives.

Facilities are liable to refund Capacity Credit payments for Forced Outages in accordance with the refund table in Market Rule 4.26.1. Refund multipliers are highest in February and March, followed by December and January, reflecting the generally higher value placed on capacity in these peak summer periods. However, in aggregate, the total of any Capacity Credit refunds paid by a Market Participant to the IMO in any year is capped at the value of Capacity Credit payments received for that facility in that year.[10]

Alinta understands that the refund table in Market Rule 4.26.1has been the subject of review on a number of occasions. Most recently, Griffin Energy submitted RC_2008_35, which sought to amend the Market Rules to impose seasonal caps on the maximum refund of Capacity Credit payments (in addition to the existing cap on the total of Capacity Credits in any year). Alinta supported the IMO's decision to reject RC_2008_35 on the basis that it would reduce incentives for both new and existing Facilities on outage to make available capacity during the Hot Season, which has the potential to reduce overall system reliability at a time when demand can be expected to be highest.

10 The value of Capacity Credit payments is established by assuming the IMO acquired all of the Capacity Credits held by the Market Participant at the Maximum Reserve Capacity Price, which is administratively determined.

Alinta considers that the refund table in Market Rule 4.26.1 is consistent with, and is likely to better facilitate, the Market Objectives than attempting to base refunds on an assessment of the impact of capacity from a Facility being unavailable at a particular point in time.

Firstly, establishing refunds based on the impact of capacity being unavailable to the market at a point in time may encourage pre-emptive Forced Outages, as the refunds incurred by the first Facility are likely to be significantly lower (and may be minimal) than those faced by the second and subsequent Facilities.

Secondly, as noted in the Authority's Issues Paper, the impact on the merit order, and market prices, of energy from a Facility (particularly a low cost base load) being unavailable at a particular point in time must also be considered.

Discussion Point 22

The Authority invites comment on whether the Reserve Capacity refund mechanism should be included for consideration as part of the road map proposed in the Authority's 2008 review of the market.

As noted in Discussion Point 16, the IMO presented a Market Rules Evolution Plan Issues Paper to the June 2009 MAC meeting, which reported areas of the Market Rules that had been identified as requiring further development by stakeholders. Subsequent to the June 2009 meeting, the IMO requested that MAC members assign a relative priority ranking to each of 13 categories into which the issues identified by stakeholders had been grouped. The objective of this prioritisation was to assist the IMO in setting its work priorities for the next phase of market development.

One of the 13 categories was a review of the RCM, which included five sub-elements including a review of the capacity refund mechanism. Alinta notes that electricity Market Participants ranked a review of the RCM as the second highest priority for the next phase of market development. As a result, it appears that the majority of Market Participants consider that a review of the RCM should be included for consideration as part of the road map proposed in the Authority's 2008 review of the market.

Incentives for Demand Side Management

Discussion Point 23

The Authority invites comment on the extent to which the regulatory arrangements surrounding the incentives for parties to engage in Demand Side Management are appropriate.

As noted by the Authority, the current arrangements under the Market Rules, whereby Demand Side Management (DSM) receives Capacity Credits through the RCM, requires Market Participants to identify the aggregate volume of DSM some two years ahead of the time when it might be called upon. Market Customers face a significant challenge in contracting with electricity consumers to provide firm quantities of DSM this far out.

As a result, it is likely that Market Customers are identifying an aggregate quantity of DSM that they reasonably expect to be able to contract for electricity consumers to provide at a later date. Given the risk exposure of the Market Customer, this suggests that the quantity of DSM though the RCM is likely to be conservative.

If DSM was to be rewarded outside of the RCM, it is also likely to be possible to structure a mechanism that may be more effective in securing greater volumes of DSM in a manner that is likely to be consistent with the Market Objectives. For example, allowing Market Customers to identify DSM options on a rolling monthly basis, and for DSM to be paid only when called.

Anecdotal evidence available to Alinta indicates that the current approach to DSM, with upfront payments, suits market aggregators. However, large industrial customers have indicated that the current arrangements discourage participation due to the compulsory nature of DSM and the testing regime that accompanies the assignment of Capacity Credits. The inability to identify and manage the risk that participating in DSM represents in terms of potential interruption to industrial processes and inability to fill customer orders far exceeds the payment for capacity provided through DSM.

Instead, large industrial customers have indicated that they would be more likely to consider participating in a voluntary scheme that provided payment for real-time reductions in load. That is, DSM was an energy, rather than capacity, service. In addition, they have argued that payment for DSM should reflect the real time reduction in demand at the point DSM is called, not from some deemed historical level of peak demand.

Industry Structure and Regulatory Settings

Discussion Point 24

The Authority invites comment in respect of the impact of structural issues on the effectiveness of the market and achievement of the Market Objectives.

Alinta considers that the structural arrangements imposed as part of the implementation of the WEM have to date been effective in ensuring Western Australians have continued access to a reliable and secure electricity supply.

In this context, a recent report by the IMO noted that approximately 2,180MW of new generation plant and demand side management had entered the market through the Reserve Capacity Mechanism (RCM).[11] The RCM has seen sufficient capacity being procured to meet the forecast requirements of the SWIS until 30 September 2011. The IMO also noted that, taking into account known generation projects under development and future load conditions, the electricity demands of SWIS users were expected to continue to be met until at least 2014-15.

11 Independent Market Operator, 2009, Reserve Capacity Mechanism Review Report (Public Version), May 2009.

Alinta

Alinta believes that the current structural arrangements, in particular the separation of the dominant government-owned generation and retail businesses, Verve and Synergy, have been instrumental in facilitating the observed significant investment by the private sector in generation capacity.

As noted by the Authority, the Government has suggested that merging Verve and Synergy may assist in restoring Verve's profitability. However, the Chamber of Commerce and Industry WA (CCIWA) recently noted that State Parliament was told during this year's budget estimates hearings that Verve would be in the black and returning a dividend to the Government as a result of its decision to increase residential electricity tariffs, which would allow Verve to move towards charging the true cost of production.

Alinta also believes that a merger of Verve and Synergy would result in a significant erosion of the enterprise value of both independent power producers (IPPs) and second-tier retailers. This is because a merger would affect the risk profile these businesses face in both the generation and retail segments of the market, with significant commercial implications.

For example, it is Verve's role to act as market balancer, which gives it visibility with respect to the operational position of other generators (and potentially of second-tier retailers). Should Verve and Synergy be merged, there would be a significant risk that effective and efficient competition in the generation and retail markets would be undermined. Further, Verve and IPPs may engage in, or have explored the potential for, a range of commercial risk mitigation transactions that support their competitive position in the generation and/or retail markets If Verve and Synergy were to merge, there would be a strong disincentive for Verve to enter into these transactions, or if it were to enter into these transactions, Synergy may gain access to sensitive operational and commercial information that would enable it to compete unfairly with IPPs and second-tier retailers.

Aside from the potential market detriment that would likely result from a merger of Verve and Synergy , recent actions by the Government are also likely to have contributed to an increase in the level of perceived, if not actual, sovereign risk for private sector investors in the State's electricity market, and this may impact on future investment decisions.

For example, the Government has justified its recent decision to provide around $260 million of taxpayer funds to Verve to allow it to invest in new generation capacity on the basis that such investment is necessary to ensure Western Australians have a reliable and secure electricity supply. The evidence contained in the IMO's report is clearly at odds with this claim, and it is likely that the Government's investment will instead simply 'crowd out' planned private sector investment.

In any event, the investment by Verve in new generation facilities appears at odds with a Ministerial Order that prohibits it from investing in new facilities if its generation capacity exceeds 3,000MW. While Verve claims its capacity is marginally below the 3,000MW cap, it appears to have achieved this result only by using lower capacities for a number of existing facilities compared with those that the Ministerial Order requires be used.

Ultimately, if the Government wishes to fund investment in new generation facilities by Verve despite the capacity cap, it could do so simply be repealing (or replacing) the Ministerial Order. Such action would make transparent the Government's decision, and may at least provide an opportunity for some public debate on the merits of Verve's proposed investments.

Further, following the Varanus Island outage, which reduced electricity output from gas-fired generation facilities, the then Minister for Energy issued a further direction in August 2008 that allowed certain generation facilities to be excluded from Verve's cap where these were "...temporarily necessary or appropriate for energy supply requirements for the security and reliability of the South West Interconnected System." The Minister then immediately directed that Muja A and B, with capacity of 240MW, were required for this purpose and hence be excluded from Verve's capacity cap.

It is notable that this second Ministerial Order still stands despite gas supplies having now been fully restored, making it questionable whether there remains a basis for arguing that Muja A and B are required for the security and reliability of the SWIN.

Alinta Pty Ltd
17 August 2009