
Agenda item 5(a) ii

Wholesale Electricity Market Rule Change Proposal Form

Change Proposal No: PRC_2009_19
Received date: TBA 2009

Change requested by

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Date submitted:	TBA
Urgency:	Standard Rule Change Process
Change Proposal title:	Reserve Capacity Performance Monitoring
Market Rule(s) affected:	4.27.2

Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the Independent Market Operator (IMO)) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the IMO.

This Change Proposal can be posted, faxed or emailed to:

Independent Market Operator

Attn: Manager Market Administration and System Capacity
PO Box 7096
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4339
Email: marketadmin@imowa.com.au

The IMO will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must explain how it will enable the Market Rules to better contribute to the achievement of the wholesale electricity market objectives. The objectives of the market are:

- (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.

Details of the proposed Market Rule Change

1. Describe the concern with the existing Market Rules that is to be addressed by the proposed Market Rule change:

Background

Clause 4.27.2 of the Wholesale Electricity Market Rules (Market Rules) requires the IMO to assess the number of days in the preceding 12 calendar months where the total available capacity in the system dropped below certain levels.

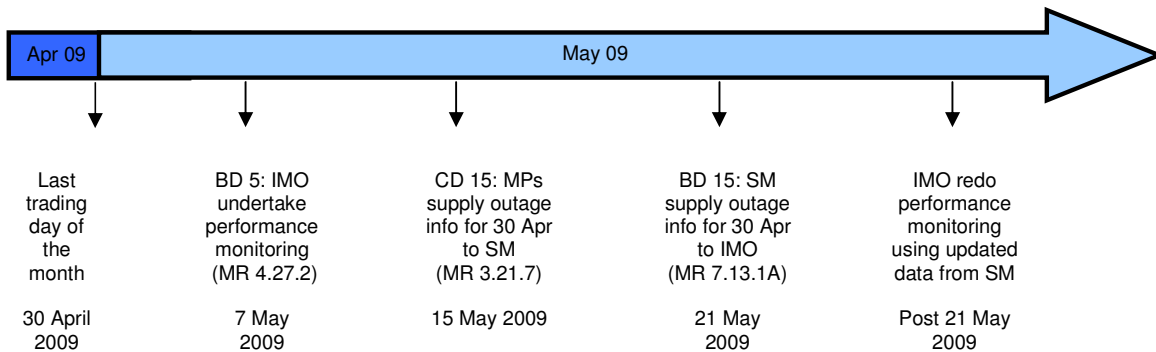
The IMO's calculates this by determining the number of days in the previous month where the capacity dropped below either 70% or 80% of the total credits (season dependent). This number is then added on to the running total for the last 12 calendar months minus the number of days from the corresponding calendar month of the previous year.

The IMO contends that there are currently difficulties with undertaking this assessment by the fifth Business Day of the month, as prescribed in the Market Rules. The difficulties arise as one of the inputs to the assessment calculation process is the outage data supplied by System Management under clause 7.13.1A(b). This data is provided on a rolling daily basis, on the fifteenth Business Day following the day on which the relevant Trading Day ends. Therefore information for the last Trading Day of the month is not available until midday on the fifteenth Business Day.

The IMO currently reruns the assessment required by clause 4.27.2 after the outage information has been supplied by System Management to ensure the correct assessment is carried out. The IMO contends that this is inconsistent with the Market Rules.

Current Timeline:

Market Rule 3.21.7 gives the Market Participant fifteen calendar days after the Trading Day to supply outage information to System Management. Clause 7.13.1A(b) allows System Management up to 15 Business Days (also from the Trading Day) to prepare and supply the outage information required for Reserve Capacity monitoring to the IMO, see the diagram below.

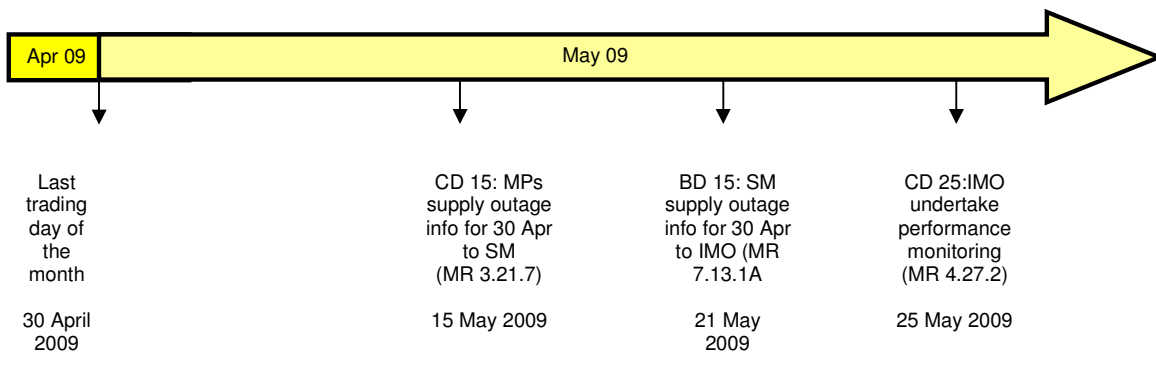


Proposal

The objective of this Rule Change Proposal is to correct the order of the steps in the information process for the assessment of the performance of the Reserve Capacity Mechanism and to provide the IMO with sufficient time after receipt of the outage information from System Management (15 Business Days after the last Trading Day) to carry out its assessment under clause 4.27.2.

The IMO proposes that clause 4.27.2 be modified so that the assessment is required to be complete by the twenty fifth calendar day of the month rather than five Business Days as it is currently drafted. This proposal is shown in the diagram below.

Proposed Timeline:



2. Explain the reason for the degree of urgency:

The IMO submits that this rule change be progressed using the Standard Rule Change Process.

3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strikethrough~~ where words are deleted and underline words added)

- 4.27.2 By the twenty fifth ~~Business Day~~ day of each month, the IMO must assess the number of days in the preceding 12 calendar months where the total available capacity in the SWIS dropped below 80% (during the Hot Season), and 70% (in either the Intermediate Season or Cold Season), of the total Capacity Credits held by Market Participants for more than six hours on the day.

4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The IMO considers that the proposed Amending Rules will allow the IMO to comply with the Market Rules regarding the performance assessment of the Reserve Capacity Mechanism. The IMO considers that this improves the integrity of the Market Rules, and therefore is consistent with the operation of the Wholesale Market Objectives.

5. Provide any identifiable costs and benefits of the change:

Costs: No costs have been identified as part of this Rule Change Proposal.

Benefits: The proposed Rule Change will correct the compliance issue around clause 4.27.2 when assessing the performance of the Reserve Capacity Mechanism, ensuring that the inputs are available when the assessment is carried out.