



INDEPENDENT
MARKET
OPERATOR

Wholesale Electricity Market Submission to Rule Change Proposal

RC_2013_10

Harmonisation of Supply-Side and Demand-Side Capacity Resources

Submitted by

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Date submitted:	<i>31 Jan 2014</i>

Submission

Submissions for Rule Changes should be submitted to:

Independent Market Operator

Attn: Group Manager, Development and Capacity

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Cloisters Square, Perth, WA 6850

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

Amanda Australia supports Demand Side Management (DSM) resources being treated as the functional equivalent of peaking resources within the SWIS. We note DSM provides a cost effective method of improving grid security during emergency periods of supply shortages to meet peak demand. DSM should not be compared to base load generation.



While the proposed changes will lead to increased costs of aggregating DSM resources and some of the smaller resources will no longer be cost effective, we accept the proposed changes will add value to DSM contribution to the security of the SWIS grid.

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

We note the Rule Change contains seven issues of change:

- 1) relaxed fuel requirements for generators;
- 2) revised DSM availability requirements, including the linking of the refund formula to the Refund Table and the issue of Dispatch Advisories;
- 3) real time telemetry
- 4) abolishing the 3rd day exemption;
- 5) changing the criteria for the non-balancing merit order;
- 6) dispatch of DSP's outside nominated availability;
- 7) capping the DSM at the IRCR

Amanda Australia supports all seven issues as a package.

Issue 1 does not affect Amanda Australia as a DSM aggregator but we support this change in that it reduces the costs of supplying energy to the market.

Issues 2 & 4 greatly increase the potential dispatch hours for the valuable DSM service. Most of the Amanda Australia sites use backup emergency generators and therefore the extension in time of cover is usually covered by the dispatch payments during these periods.

Amanda Australia has been advocating, for several years, the provision of real-time information to System Management to ensure confidence in this valuable DSM resource. We are concerned to read in their submission they do not value real-time telemetry. The cost of providing this service by Amanda Australia will be high and smaller sites may need to be removed from our DSM portfolio if the requirements are too onerous. Amanda Australia cannot accurately define the cost until the full obligations and technical specifications have been established.

Amanda Australia offers its expertise in the development of these specifications to ensure maximum value to the SWIS of this expensive but potentially valuable management tool of visibility to demand-side capacity. This visibility must include current demand, and potential additional demand if the load is currently lower than normal but is about to increase to normal load, of the loads in the DSP portfolio.

The IMO workshop on DSM events in February 2011 showed DSM actually delivered more DSM capacity than capacity credits held.

Amanda Australia notes the IMO comment on Page 22 of 51 that “the IMO will continue to work ... DSM providers”. We have not received any contact from the IMO on this subject.

Issue 5 is an integral part of the complete harmonization package.

Any responsible SWIS participant will support Issue 6 as does Amanda Australia.

Clearly, Issue 7 has been included to avoid gaming by some participants. As such Amanda Australia supports the concept but feels more analysis is required to ensure a fairer measure is found to reduce demand in the grid during an emergency event.

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.

The cost of providing real time telemetry will be high and smaller sites may need to be removed from our DSP if the requirements are too onerous. Amanda Australia cannot accurately define the cost until the full obligations and technical specifications have been established.

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

Real time telemetry will take 6 – 12 months to implement, dependent on the scope.
