

RC_2013_10: Harmonisation of Supply-Side and Demand-Side Capacity Resources

Submitted by

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Submission

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

Community Electricity was a member of the Reserve Capacity Mechanism Working Group and generally supports the deliberations and outcomes of that group, including the present Rule Change Proposals. In particular, we consider that the considerable uptake and cost to the market of DSM requires that this capacity style make its fullest contribution to the market and insofar as practicable it should be subject to equivalent requirements as scheduled generators. We especially note that despite the published intention to introduce the more onerous requirements, the market segment has continued to grow despite the Reserve Capacity Target contracting.

We expressly support all seven proposals:

- i) relaxed fuel requirements for generators;
- ii) revised DSM availability requirements, including the linking of the refund formula to the Refund Table and the issue of Dispatch Advisories;
- iii) real time telemetry
- iv) abolishing the 3rd day exemption;
- v) changing the criteria for the non-balancing merit order;
- vi) dispatch of DSP's outside nominated availability;
- vii) capping the DSM at the IRCR

We would suggest that extra care be taken in specifying the requirements for real time telemetry and that this should be fit-for-purpose and data should be collected only if it is needed and will be

used. In particular, we note that the Amending Clause 2.35.3C requires that five minutes prior to a Trading Interval, the participant must provide to System Management (via the B2B Web Service) both the current consumption of the Demand Side Programme, plus the consumption of each Associated Load within the programme. On the face of it, this seems to be an excessive level of detail. We also note that individual market participants are expected to incur a cost in the range of \$100,000 to \$200,000 each, which is comparable to the costs to be incurred by both System Management and the IMO. The likely upshot of this will be to exclude from the market sufficiently small Associated Loads because of the disproportionate telemetry costs. This will effectively disadvantage small DSM Providers and lock out smaller customers from the cost reduction benefits offered by DSM.

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

Community considers that the Rule Change considerably improves Market Objective a (economic efficiency) and on balance significantly improves Market Objectives b (promoting competition) and c (avoidance of discrimination). That said, however, we are concerned that the telemetry requirements discriminate against small participants and potentially exclude small customers from participation.

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

Not applicable

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

Not applicable
