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## Wholesale Electricity Market Pre Market Rule Change Discussion Paper

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### Submitted by

<b>Name:</b>	Allan Dawson
<b>Phone:</b>	08 9254 4300
<b>Fax:</b>	08 9254 4399
<b>Email:</b>	<a href="mailto:imo@imowa.com.au">imo@imowa.com.au</a>
<b>Organisation:</b>	IMO
<b>Address:</b>	Level 22 Forrest Centre, 221 St Georges Terrace, Perth WA, 6000
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<b>Urgency:</b>	Medium
<b>Change Proposal title:</b>	<b>Intermittent Generators Commissioning</b>
<b>Market Rule(s) affected:</b>	4.26.1, 4.26.1A

### Introduction

This Pre Market Rule Change Discussion Paper can be posted, faxed or emailed to:

**Independent Market Operator**

Attn: Dora Guzeleva, Manager Market Administration  
PO Box 7096  
Cloisters Square, Perth, WA 6850

Fax: (08) 9254 4399  
Email: [marketadmin@imowa.com.au](mailto:marketadmin@imowa.com.au)

The discussion paper should 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.

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## Details of the proposed Market Rule Change

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

Intermittent Generators have a Reserve Capacity Obligation Quantity (RCOQ) of zero. This means that they can meet their RCOQ even if they do not commission the plant in the way that was intended when applying for Capacity Credits. No Capacity Cost Refunds apply in this situation, as would be applied to a Scheduled Generator that does not provide the level of capacity intended when Capacity Credits are assigned by the IMO.

This rule change proposal aims to introduce the requirement for Intermittent Generators to receive Capacity Cost Refunds in the case where the Facility is not commissioned in accordance with the application made for Certified Reserve Capacity and Capacity Credits. The IMO must apply the principle that the Facility is fully operating in accordance with the basis on which the Facility applied for, and was granted, Certified Reserve Capacity, in accordance with clause 4.10 and 4.11 respectively and was subsequently assigned Capacity Credits in accordance with clause 4.14. The IMO can request additional information from Intermittent Generators to assess whether the facility will complete its commissioning tests by a nominated date. This additional information will help determine the suitability to whether the Intermittent Generator is deemed to be commissioned and whether refunds will be applied.

### 2) Explain the reason for the degree of urgency:

The Standard Rule Change Process will be appropriate to use for this change.

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

- 4.26.1. If a Market Participant holding Capacity Credits fails to comply with its Reserve Capacity Obligations applicable to any given Trading Interval then the Market Participant must pay a refund to the IMO calculated in accordance with the following provisions.

#### REFUND TABLE

Dates	1 April to 1 October	1 October to 1 December	1 December to 1 February	1 February to 1 April
Business Days Off-Peak Trading Interval Rate (\$ per MW shortfall per Trading Interval)	0.25 x Y	0.25 x Y	0.5 x Y	0.75 x Y
Business Days Peak Trading Interval Rate (\$ per MW)	1.5 x Y	1.5 x Y	4 x Y	6 x Y

shortfall per Trading Interval)				
Non-Business Days Off-Peak Trading Interval Rate (\$ per MW shortfall per Trading Interval)	0.25 x Y	0.25 x Y	0.5 x Y	0.75 x Y
Non-Business Days Peak Trading Interval Rate (\$ per MW shortfall per Trading Interval)	0.75 x Y	0.75 x Y	1.5 x Y	2 x Y
Maximum Participant Refund	The total value of the Capacity Credit payments paid or to be paid under these Market Rules to the relevant Market Participant for the 12 Trading Months commencing at the start of the Trading Day of the previous 1 October assuming the IMO acquires all of the Capacity Credits held by the Market Participant and the cost of each Capacity Credit so acquired is determined in accordance with clause 4.28.2(b), (c) and (d) (as applicable).			
Where:  For an Intermittent Facility that has been commissioned: Y equals 0  For all other facilities, including Intermittent Facilities that have not been commissioned: Y equals the greater of the Reserve Capacity Price and 85% of the Maximum Reserve Capacity Price for the relevant Reserve Capacity Auction, expressed as a \$ per MW per Trading Interval figure. This is determined by dividing the Monthly Reserve Capacity Price by the number of Trading Intervals in the relevant month.  <u>For the purposes of this clause, an Intermittent Facility will be deemed to be commissioned when the IMO determines that the facility is fully operational. In this case the IMO must apply the principle that the Facility is fully operating in accordance with the basis on which the Facility applied for, and was granted, Certified Reserve Capacity, in accordance with clause 4.10 and 4.11 respectively and was subsequently assigned Capacity Credits in accordance with clause 4.14.</u>				

4.26.1A. The IMO must calculate the Forced Outage refund for each Facility ("**Facility Forced Outage Refund**") as the lesser of:

- (a) the sum over all Trading Intervals  $t$  in Trading Month  $m$  of the product of:
  - I. the Off-Peak Trading Interval Rate or Peak Trading Interval Rate determined in accordance with the Refund Table applicable to Trading Interval  $t$ ; and
  - II. the Forced Outage Shortfall in Trading Interval  $t$ ,

where the Forced Outage Shortfall for a Facility is equal to:

- i. the forced outage in that Trading Interval measured in MW; or

ii. the number of Capacity Credits associated with an Intermittent Facility in which are deemed to not have been commissioned for the purposes of clause 4.26.1

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

The IMO submits that the proposal supports market objective (a) by promoting the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West Interconnected System. This will be achieved by improving the clarity in the process of Intermittent Facilities being granted Certified Reserve Capacity and subsequently receiving Capacity Credits, and provides incentives on Market Participants developing Intermittent Facilities to develop projects in accordance with applications made to the IMO.

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**5) Provide any identifiable costs and benefits of the change:**

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

It is expected that the proposed Rule Changes will provide clarity to new Intermittent Facilities entering the Wholesale Electricity Market through increased clarity of the process and requirements for determining the facility to be deemed fully operational by the IMO.

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