
**Wholesale Electricity Market
Rule Change Proposal Submission Form**

Competitive Balancing and Load Following Market

RC_2011_10

Submitted by

Name:	Harry Street
Phone:	08 9486 4152
Fax:	08 9486 1681
Email:	harry.street@collgar.com.au
Organisation:	Collgar Wind Farm Pty Ltd
Address:	L1, 679 Murray St, West Perth 6005
Date submitted:	7 November 2011

Submission

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

Collgar appreciates the opportunity to provide comments during the first submission period on Rule Change RC_2011_10 Competitive Balancing and Load Following Market.

Collgar wishes to comment on particular sections of the proposed market rules that the IMO should consider when drafting the final rule change. In addition, Collgar also highlights other areas that the IMO should consider when drafting further iterations of the proposed rules which are relevant to the introduction of the new Competitive Balancing and Load Following Markets.

Market Surveillance Data Catalogue 2.16.4

With the introduction of market based Load Following Ancillary Service (LFAS) prices it would only be prudent that an additional requirement is added to the Market Surveillance Data Catalogue (MSDC) to ensure that these prices are monitored on a consistent and standardised basis.

Suggested Market Rule:

2.16.4 (i) Exploration of key determinants for high prices in the LFAS market; with correlation to planned or forced outages in the SWIS.

MR 2.16.9(b) ii & iii

Collgar supports these new market rules as drafted in RC_2011_10 and would support the IMO Compliance Team in their endeavours to monitor the SRMC of LFAS prices. If omitted from the final rule change report, Collgar would likely not be in support of the proposed rule changes pertinent to the LFAS market as it considers it necessary for these prices to be monitored.

MR 2.16.9B.(b)

Collgar questions the nature for this market rule as it appears to contradict the new market rules 2.16.9(b) ii & iii. If in a LFAS submission a generator can exceed the reasonable expectation of the cost incurred in providing that service, then this market rule can be interpreted in a way that a LFAS Facility can eventually justify higher prices beyond the deemed reasonable expectation. Collgar encourages the IMO to provide clarity around this proposed new market rule.

MR 4.10.1(k)

When Certification of Reserve Capacity occurs annually, the new balancing market may have different balancing facilities in addition to the more “traditional” balancing generator. This market rule is generic in nature and hence is open to different interpretations depending on the type of balancing facility. Collgar suggests that the market rule make reference to a procedure or standard evidence depending on the balancing facility. Or if this market rule is discretionary applied to balancing facilities then it should state how the IMO will ultimately decide the extent of evidence that a Balancing Facility must present to the them and whether certification will be on a case by case basis.

MR 4.11.12

For new participants’ facility entering the market, this market rule does not imply an explicit methodology for it’s facility to satisfy the IMO that it will likely meet the Balancing Facility Requirements. Again as per suggestions for market rule 4.10.1(k), the IMO should make reference to a procedure or state the evidence required to mitigate the potential ambiguity that this market rule could present to new participants.

MR 6.15.1.(b)ii

Balancing facilities that are a Non-Scheduled Generator and issued with Dispatch Instructions to decrease their output, rely on System Management's estimate of the maximum amount of sent out energy to form the basis of their Theoretical Energy Schedule (TES). If this energy in MWh is not estimated by System Management then Sent Out Metered Schedule (SOMS) is used and hence the balancing facility is not appropriately compensated for the downward decrease in generation.

Collgar identifies a deficiency in the proposed market rule whereby if a TES is not given then the SOMS is used; naturally this would be a much lower amount prior to a Non-Scheduled Generator receiving a Dispatch Instruction. Collgar proposes that if the a TES is not provided by System Management then the Start of Interval (SOI) MW value, converted to a MWh value, should be used to form the basis of a TES as this would better reflect the energy that a Balancing Facility would have supplied in the Trading interval had the Dispatch Instruction not been issued.

MR 7.6A.2(c)i

Though this section of the market rules outlines the governing relationship between System Management and Verve Energy, it would appear bias that some of this information is only privy to Verve Energy. The additional content to market rule 7.6A.2(c)i would see Verve have the aggregate forecast output of all Market Participants' Intermittent Generators. This does not support the transparency that the IMO is seeking, hence this information should be available to all participants to use in their potential submissions and not a single entity in the market.

MR 7.7.1A.

This new market rule states that a participant must comply with dispatch instructions or operating instructions until such time as another dispatch instruction is issued at a different level. This rule is limited whereby it doesn't state impacts if a dispatch instruction is not complied with and under what circumstances are acceptable for non-compliance such as physical network constraints.

MR 7.7.6A.

Similar to market rule 7.7.1A, this market rule should specify a procedure that market participants should follow for confirming receipt of a dispatch instruction from System Management. Circumstances out of the control of market participants should be considered and market rules drafted to reflect potential issues such as system IT related or physical network constraints.

MR 7B.2.14

Collgar supports the drafting of this market rule and considers it necessary for the IMO Compliance Team to monitor market participants' offer prices in their LFAS submissions.

Collgar supports the LFAS horizons as outlined in the RC_2011_10.

LFAS SELECTION HORIZONS	LFAS GATE CLOSURE	IPPs/VSAF BALANCING GATE CLOSURE
8PM – 2AM	3:00PM	6PM
2AM – 8AM	9:00PM	12AM
8AM – 2PM	3:00AM	6AM
2PM – 8PM	9:00AM	12PM

Collgar supports the PSC Re-bid Times as outlined in the RC_2011_10.

VERVE PSC RE-BID TIME	FOR TRADING INTERVALS
BY 4PM	8PM +
BY 6PM	10PM +
BY 10PM	2AM +
BY 4AM	8AM +
BY 10AM	2PM +

Provision of Forecast to Market Participants

Under RC_2011_10, System Management will be providing a Balancing Forecast to the market which will include an aggregate of all intermittent generation. Collgar (and similar participants) would seek to obtain their own individual forecasts as produced by System Management. It should be noted that Non Scheduled Generators such as Collgar will have provided substantial site specific information to System Management in order for a market forecast to be created.

Non-Scheduled Generators should have the ability to pull their forecasted quantities from the System Management so that if any anomalies do exist between the market forecast and internal participants' forecasts, then these potential issues can be remedied. Collgar strongly suggests that this provision of information from System management is drafted in the revised rule change report subsequent to the first submission period.

MEP Document Titled “LFAS Design – CEO Recommendations”

This paper released and published on the IMO website states that ¹*“While there will be a requirement for LFAS submissions to be “up to SRMC”, the IMO has not proposed any price limits to the LFAS Market at this time, however this will need to be discussed with the ERA and the wider RDIWG in due course.”* Collgar recognised that the IMO has incorporated SRMC requirements for LFAS into RC_2011_10 however suggests that a review should be conducted into whether price limits should apply to LFAS submissions post implementation of the new markets into the WEM. A periodic review and the potential price limits would not be foreign concept for the WEM as price limits currently exist for the STEM and Non STEM with annual reviews drafted in the current Market Rules.

Post Implementation – Balancing and LFAS Market Cost Benefit Analysis

Collgar would support a post implementation cost benefit analysis of the new Competitive Balancing and Load Following Market to ensure consistency with the initial design proposals.

¹*Taken from http://www.imowa.com.au/f4768,1615220/20110804_-_LFAS_design.pdf*

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

Collgar believes that the Rule Change proposal will operate to better facilitate the achievement of Market Objective:

2. to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors;

The introduction of the Competitive Balancing and Load Following Markets should provide a platform where IPPs can participate in these SWIS markets, if economical to do so. RC_2011_10 introduces the necessary framework for Balancing Facilities to bid close to “real time” and as such is conducive to better economic outcomes in parallel with existing STEM and Non STEM functions.

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.

This rule change will significantly impact the daily operations of Collgar participating in the WEM. Initial estimates to cater to the higher information technology dependencies associated with the balancing market have been estimated at around \$50,000.

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

If this rule change is accepted, Collgar would require at least three months prior to the start of the new markets to implement the necessary changes, pending availability of resources needed to complete the required work.
