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Dear Dora

WEM Rule Change Proposal RC 2007 02 – Intermittent Generator Downward Dispatch Amendment

Thank you for the opportunity to provide comments on Rule Change Proposal RC 2007 02 "Intermittent Generator Downward Dispatch Amendment". This letter sets out the view of Alinta Sales Pty Ltd (Alinta).

The proposed change

On the 3rd of May 2007 Alinta submitted RC 2007 02.

Alinta identified two separate issues with regard to the treatment of non-scheduled generators in the market rules.

Firstly, under the current version of the market rules the effective downward dispatch instruction payment (EDDIP) for non scheduled generators is calculated by multiplying the dispatch quantity (a negative number) with the sum of the generator's bid price and MCAP. When the value of MCAP is positive, non-scheduled generators would be adversely impacted. In comparison, the value of MCAP does not figure in the payment calculation for scheduled generators, as they are paid as bid.

Alinta proposed to address the identified problem in the market rules by amending the calculation of EDDIP in rule 6.17.6(c) so that the payment for downward dispatch instruction to non-scheduled generators is calculated by multiplying the dispatch quantity with the generator's applicable bid price *less* the value of MCAP. Alinta also proposed to include words in the same section of the rules to remove any doubt that the downward dispatch quantity is a negative value.

Secondly, the calculation of the dispatch quantity for non scheduled generators (rule 7.7.5A) in the current version of the market rules may present a disadvantage for non-scheduled generators in circumstances of a particular combination of a level of downward dispatch quantity, the submitted resource plan quantity and a potentially estimated output for the dispatch period. This will occur in cases where the estimated output is higher than the quantity specified in the resource plan.

Alinta proposed to address the identified problem in the market rules by amending clauses 7.7.5A and 7.7.5B. The effect of the proposed change is that when determining the downward dispatch quantity for non-scheduled generators, System Management would have to rely on information made available to it on for example wind speed (in the case of windfarms) or other relevant information when estimating the MWh reduction in output for the non scheduled generator as a result of the dispatch instruction. If such information has not been made available to System

Management, the estimation would be guided by the current default option in the market rules which relies on comparing the output in the resource plan with the dispatch instruction.

Alinta's view

Alinta agrees with the proposed change to the Market Rules and considers the change proposal would better facilitate achievement of objectives (a), (c) and (d) of the Market Rules¹.

Alinta's assessment against the objectives of the market

Alinta considers the change proposal has the following impact on the objectives of the market:

Objective	Identified impact
(a)	Alinta considers the proposed change will improve the ability of the market rules to effectively reflect and take account of the cost of issuing a downward dispatch instruction to non scheduled generators as a more accurate calculation of the reduction in output will be possible. Accurate cost reflection is necessary to facilitate economically efficient production of electricity. Alinta therefore considers the change will better facilitate the achievement of this objective.
(b)	Alinta has not identified an impact on this objective.
(c)	Alinta considers the proposed change will better facilitate the achievement of this objective as it will remove a potential for discrimination against non scheduled generators compared to scheduled generators that exist in the current version of the rules.
(d)	To the extent that the proposed change improves the ability to facilitate the achievement of objective (a) Alinta considers it will also have a positive impact on the ability of the market rules to facilitate the achievement of objective (d).
(e)	Alinta has not identified an impact on this objective.

The change is necessary to ensure non scheduled generators are not discriminated against.

IT systems and cost implications

Alinta has not identified any significant cost impact for its own IT systems. There may be cost implications for any changes required to the System Management's IT systems.

¹ The objectives of the Market Rules are contained in Market Rule 1.2.1 and 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"
- (e) "to encourage the taking of measures to manage the amount of electricity used and when it is used"

Time required for implementation

Alinta has not identified any significant necessary changes to its own systems and procedures, and anticipates that only minor changes will be required for other market participants (particularly System Management). Alinta therefore proposes that the rule change be implemented as soon as possible.

Please call me on 08 6213 7304 to discuss any of the issues raised in this letter in more detail.

Yours sincerely



Kristian Myhre
Manager Market Analytics
Alinta Sales Pty Ltd