
Wholesale Electricity Market Rule Change Proposal Form

Change Proposal No: RC_2007_21

Received date: 15/10/2007

Change requested by

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Address:	Level 11, Australia Place, 15-17 William St, Perth, WA, 6000
Date submitted:	15 October 2007
Urgency:	3 - High
Change Proposal title:	STEM Notification of Plant Availability
Market Rule(s) affected:	4.12.6

Introduction

Market Rule 2.5.1 of the Wholesale Electricity Market Rules provides that any person (including the IMO) may make a Rule Change Proposal by completing a Rule Change Proposal Form that must be submitted to the Independent Market Operator.

This Change Proposal 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 4339

Email: marketadmin@imowa.com.au

The Independent Market Operator will assess the proposal and, within 5 Business Days of receiving this Rule Change Proposal form, will notify you whether the Rule Change Proposal will be further progressed.

In order for the proposal to be progressed, all fields below must be completed and the change proposal must 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.

Details of the proposed Market Rule Change

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

From 4th October 2007, as per MR 7.13.1A

'System Management must provide the IMO with the following data for a Trading Day by noon on the fifteenth Business Day following the day on which the Trading Day ends:

- (a) the MWh quantity of non-compliance by the Electricity Generation Corporation by Trading Interval;
- (b) the schedule of all Planned Outages, Forced Outages and Consequential Outages relating to each Trading Interval in the Trading Day by Market Participant and Facility'

This data had always been provided previously but the deadline for providing it was extended. The Planned Outage, Forced Outage and Consequential Outage data has always reflected the position after the STEM Submission has been made.

Where a Market Participant has a facility that, at the time of the STEM Submission, is undergoing a Planned Outage, the Market Participant is not be able to bid that capacity into the STEM. This facility may subsequently become available before the scheduled end of the Planned Outage, and the Planned Outage schedule will be updated to reflect this.

At present, the Planned Outage details that System Management provides to the IMO for settlement purposes reflects the facility's position after the STEM Submission and, in the above situation, would under MR 4.26.2 result in a calculated shortfall in the STEM Submission and a subsequent Reserve Capacity Refund.

The data used by the IMO for settlement purposes should reflect the Planned Outage position provided to the IMO by System Management before the STEM Submission in order to correctly calculate any shortfall at the time of the STEM Submission. Therefore the market rules should be amended as proposed below.

2) Explain the reason for the degree of urgency:

Verve Energy proposes that this change be processed using the Fast Track Process, described in section 2.6 of the Wholesale Electricity Market Rules, on the basis that it satisfies the criteria in section 2.5.9(b) of the Rules.

Section 2.5.9 states:

The IMO may subject a Rule Change Proposal to the Fast Track Rule Change Process if, in its opinion, the Rule Change Proposal:

- (a) is of a minor or procedural nature; or*
- (b) is required to correct a manifest error; or*
- (c) is urgently required and is essential for the safe, effective and reliable operation of the market or the SWIS.*

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

4.12.6. Subject to clause 4.12.7, any initial Reserve Capacity Obligation Quantity set in accordance with clauses 4.12.4, 4.12.5, or 4.28B.4 is to be reduced once the Reserve Capacity Obligations take effect, as follows:

- (a) if the aggregate MW equivalent to the quantity of Capacity Credits (as modified from time to time under the Market Rules) for a Facility is less than the Certified Reserve Capacity for that Facility at any time (for example as a result of the application of clause 4.20.1, clause 4.25.4 or clause 4.25.6), then the IMO must reduce the Reserve Capacity Obligation Quantity to reflect the amount by which the aggregate Capacity Credits fall short of the Certified Reserve Capacity;
- (b) subject to clause 4.27.9, during Trading Intervals where there is a Consequential Outage or a Planned Outage for a Facility ~~approved~~ provided to the IMO by System Management in accordance with clause 7.3.4 or a ~~Consequential Outage~~, the IMO must reduce the Reserve Capacity Obligation Quantity for that Facility, after taking into account any adjustments in accordance with paragraph (a), to reflect the amount of capacity unavailable due to that outage;

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

This proposed Rule Change supports the following Market Objectives:

- (b) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system;

Adoption of the proposed Rule Change will prevent generators from being incorrectly charged capacity refunds when they have, in fact, been able to bring facilities back from planned outages earlier than anticipated.

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

Benefits:

- Removes any disincentive for generators not to make facilities available before the scheduled end of any planned outages
- Reduced costs to Participants

Costs:

- This change will require minimal changes to the IMO's WEMS