

ELECTRICITY INDUSTRY ACT 2004
ELECTRICITY INDUSTRY (WHOLESALE ELECTRICITY - MARKET)
REGULATIONS 2004
Wholesale Electricity Market Rules

IMO AMENDING RULES RC_2008_07 MADE ON 8 JULY 2008
These Amending Rules commence at 08.00am on 1 August 2008

The following clauses are amended (~~deleted wording~~, new wording):

Clause 6.18.1

- 6.18.1. Subject to clause 6.18.3, Commitment Compensation will be payable by the IMO to a Market Participant (other than the Electricity Generation Corporation) in the event that:
- (a) the Market Participant is instructed by System Management to start up a Scheduled Generator registered by the Market Participant more times than indicated in the applicable Resource Plan for that Scheduled Generator; ~~or~~
 - (b) ~~the Market Participant is instructed by System Management to shutdown a Scheduled Generator registered by the Market Participant more times than indicated in the applicable Resource Plan for that Scheduled Generator.~~

Clause 6.18.2

- 6.18.2. Subject to clause 6.18.3, the Commitment Compensation equals the sum of:
- (a) for each additional start up required of a Scheduled Generator during a Peak Trading Interval or Off-Peak Trading Interval the dollar amount for a commitment of the Facility specified in Standing Data, as defined in Appendix 1(c)(i); and
 - (b) [Blank]
 - (c) ~~[Blank] for each additional shut down required of a Scheduled Generator during a Peak Trading Interval or Off-Peak Trading Interval the dollar amount for a de-commitment of the Facility specified in Standing Data as defined in Appendix 1(c)(i).~~
 - (d) [Blank]

Clause 6.18.3

- 6.18.3. No Commitment Compensation will be payable:
- (a) to the Electricity Generation Corporation;
 - (b) for the first start in the Trading Day of a Scheduled Generator if the relevant Market Participant has Reserve Capacity Obligations in respect of that Facility; or
 - (c) for any start-up or shut-down instructed by System Management in connection with any Ancillary Services Contract, Balancing Support Contract or Network Control Service Contract.

Clause 6.20.1

- 6.20.1. The Energy Price Limits are:
- (a) the Maximum STEM Price;
 - (b) the Alternative Maximum STEM Price;
 - (c) the Minimum STEM Price.; and
 - ~~(d) Maximum Shutdown Price.~~

Clause 6.20.5

- ~~6.20.5. Subject to clause 6.20.11, the Maximum Shutdown Price to apply for:~~
- ~~(a) the Relevant Year commencing on 1 October 2004 is equal to \$55/MW; and~~
 - ~~(b) for subsequent Relevant Year is the Maximum Shutdown Price for the preceding Relevant Year multiplied by the $CPI[x]$ divided by $CPI[x-1]$, where $CPI[x]$ represents the weighted average of the Consumer Price Index All Groups values for the eight Australian State and Territory capital cities as determined by the Australian Bureau of Statistics for the quarter ending June 30 immediately preceding the start of the Relevant Year and the $CPI[x-1]$ represents the corresponding value for the quarter ending the preceding June 30.~~

Clause 6.20.7

6.20.7.

- (b) must calculate the Maximum STEM Price or Alternative Maximum STEM Price using the following methodology:

$$(1 + \text{Profit Margin}) \times (\text{Variable O\&M} + (\text{Heat Rate} \times \text{Fuel Cost})) / \text{Loss Factor}$$

Where

- i. Profit Margin is the allowable profit margin expressed as a fraction;
- ii. Variable O&M is the variable operating and maintenance costs for a 40 MW open cycle gas turbine generating station expressed in \$/MWh; and include, but is not limited to, start up related costs;
- iii. Heat Rate is ~~the average of~~ based on a 40 MW open cycle gas turbine generating station's heat rate at minimum ~~and maximum capacities~~ capacity, expressed in GJ/MWh;

Clause 6.20.8

~~6.20.8.~~

- ~~(a) In conducting the review required by clause 6.20.6 the IMO may reassess the appropriateness of the value of the Maximum Shutdown Price.~~
- ~~(b) The value of the Maximum Shutdown Price is to be based on the IMO's estimate of the opportunity cost of lost revenue based on the likely values for MCAP.~~
- ~~(c) The factors considered in setting the Maximum Shutdown Price must be limited to:~~
- ~~i. average MCAP in Off-Peak Trading Intervals;~~
 - ~~ii. the expected duration of shut-downs;~~
 - ~~iii. minimum generation capacity of the unit most likely to be required to be shutdown;~~
 - ~~iv. average of that unit's heat rate at minimum and maximum capacities, expressed in GJ/MWh;~~
 - ~~v. variable fuel costs of that unit expressed in \$/GJ; and~~
 - ~~vi. variable operating and maintenance costs of that unit, expressed in \$/MWh.~~

Clause 10.5.1

10.5.1.

- (e) details of bid, offer and clearing price limits as approved by the Economic Regulation Authority including:
 - i. the Maximum Reserve Capacity Price;
 - ii. the Maximum STEM Price;
 - iii. the Alternative Maximum STEM Price;
 - iv. the Minimum STEM Price; ~~and~~
 - v. ~~the Maximum Shutdown Price;~~

Chapter 11

Energy Price Limits: The set of price limits comprising the Maximum STEM Price, the Alternative Maximum STEM Price, and the Minimum STEM Price ~~and the Maximum Shutdown Price.~~

~~**Maximum Shutdown Price:** The maximum per MW price, determined under clause 6.20.5, that can be used in setting the level of compensation a Market Participant other than the Electricity Generation Corporation requires in response to being requested by System Management to shutdown a Scheduled Generator.~~

Appendix 1

- (c) for a Scheduled Generator not registered to the Electricity Generation Corporation:
 - i. a commitment and decommitment cost data comprising:
 - 1. a whole dollar amount representing the cost of committing the facility, where this amount must represent reasonable costs incurred in the typical start-up as justified by supporting evidence.
 - 2. a whole dollar amount representing the cost of de-committing the facility, ~~where this amount must not exceed the Maximum Shutdown Price multiplied by the minimum dispatchable loading level defined in b(xiv);~~