
Wholesale Electricity Market – Rule Change Proposal Submission Form

RC_2008_20: Demand Side Management – Operational Issues

Submitted by

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Date submitted:	29 August 2008

Submission

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

LGP notes that this Rule Change is complex and is the outcome of a Working Group that was established prior to LGP's participation on the Market Advisory Committee. While we support the general intent and the bulk of the content of the proposed Rule Change as a pragmatic improvement of the current system, we perceive that DSM is an environmentally essential feature of the market and its participation will be strengthened only by developing it as a standardised product that displaces generation. On this basis, we wish to record our reservations about specific aspects of the proposed Rule Change as follows:

a) Clause 4.25A.3, provides that a Verification Test is successful if only 10% of the required reduction in demand is achieved for only 1 Trading Interval. We perceive that this should be 100% and note that the 10% figure has not been justified in the supporting discussion.

b) Clause 2.29.8B and 4.25A.2, as drafted, require a Rule Participant to conduct its own Verification Test. We suggest that the IMO or System Manager should nominate the time of the test and conduct it as though it were a live Activation of the Curtailable Load. We understand this to be the intent of the supporting discussion and note that clause 4.25.4, regarding re-tests, is framed to be conducted by System Management.

c) Clause 4.12.8 exempts Curtailable Loads from being called on a third consecutive day. We note that system maxima often relate to the third or fourth consecutive hot day and do not perceive any merit in this provision.

d) We note the discussion of the composition of Dispatch Groups, the proposal that System Management would issue dispatch instructions via a Dispatch Agent, and the minimum size of a Dispatch Group would be only 1MW – contrary to the wishes of System Management which prefers 20MW. While this proposal appears to not feature in the proposed amending rules, we would not support this in the absence of a compelling justification (such as a participant offering less than 20MW in total).

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

LGP supports the IMO's contention that the proposed Rule Changes support the Market objectives through making progress towards standardising DSM and thereby facilitating its effective contribution to the reliable operation of the market in a similar manner to generation. This would also incentivise specialist DSM providers to enter the market in competition with existing retailers. LGP also welcomes DSM as a potentially environmentally friendly contribution to the system.

While LGP shares concerns that tightening the Certification provisions and the testing regime for DSM may reduce the amount of capacity offered, we perceive that DSM is capable of competing with generation on equitable grounds and is only of value if it is standardized in a manner that displaces generation. We consider that onerous network connection requirements (in respect of paralleling existing standby generators) and capacity certification lead times are the major impediments to increased uptake of DSM, and would welcome review of these issues in the proper forums.

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

LGP would incur no organisational costs as a consequence of adopting the change.

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

LGP would be able to implement this Rule Change immediately.
