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## Wholesale Electricity Market Rule Change Proposal Form

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**Change Proposal No:** RC\_2008\_29

**Received date:** 11 September 2008

### Change requested by

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<b>Date submitted:</b>	11 September 2008
<b>Urgency:</b>	High
<b>Change Proposal title:</b>	<b>Change to curtailable load de-registration timeframe</b>
<b>Market Rule(s) affected:</b>	2.33.4(d)

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### 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 4399

Email: [marketadmin@imowa.com.au](mailto: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 progressed further.

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

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## Details of the proposed Market Rule Change

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

Under the current Market Rules, a facility can only be de-registered either six months after the date of application if the facility is to cease operation or on the date of the application in the event that the facility has been rendered permanently inoperable.

However, the six month timeframe that must elapse for de-registration to take effect is not in the best interests of Market Customers with Demand Side Management (DSM) Programs which are comprised of Curtailable Loads.

Under clause 4.8.3(b) Curtailable Loads in a DSM Program contribute towards satisfying the relevant Reserve Capacity Obligations of the DSM Program. These Curtailable Loads can 'churn' which would involve one Market Customer losing their load to another Market Customer while still retaining the Reserve Capacity Obligations of the load. If this occurs, the Market Customer that has lost their load to 'load churn' would be unable to meet the Reserve Capacity Obligations of that load.

However under the current Market Rules, the Market Customer is unable to de-register the load for six months from the date of its application for de-registration and until such time as the load is de-registered no other loads can be used to satisfy the churned load's share of reserve capacity obligations.

This rule change proposal allows for a facility that is a (curtailable) load which is associated with a DSM Program to be de-registered not earlier than *one month* after the date of application. This change will protect Market Customers from having to retain the obligations of the load for six months without being able to satisfy those obligations. The proposed change will enable the de-registration of the churned load within one month of application and bring on other loads to meet the outstanding Reserve Capacity Obligations. This rule change proposal is expected to both facilitate participation in DSM through the removal of the existing risk to retailers and ensure that retailers with DSM programs can effectively fulfil their Reserve Capacity Obligations by drawing on other available loads in place of churned curtailable loads.

## 2. Explain the reason for the degree of urgency:

This rule change proposal is urgent since the current rules may entail considerable risk to retailers with DSM.

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## 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)

- 2.33.4. The Facility de-registration form prescribed by IMO must require that the applicant provide the following:
- (a) the relevant non-refundable Application Fee;
  - (b) identification of the Registered Facility to which the application relates;
  - (c) Information as to whether the Registered Facility is being;
    - i. decommissioned; or
    - ii. moth-balled or placed in reserve shut-down, in which case information on the time required to return the Registered Facility to service should be included;
  - (d) a proposed date on which that Registered Facility is to cease to be registered in the name of that Rule Participant where that date must be;
    - i. not earlier than six months after the date of application if the Facility will cease operation; or
    - ii. the date the application is accepted in the event that the Facility has been rendered permanently inoperable; ~~and~~ or
    - iii. not earlier than one month after the date of application if the Facility is a Curtailable Load, which is associated with a Demand Side Programme and has been registered in accordance with clause 4.8.3; and
  - (e) such other information as the IMO considers it requires to process the application; and
  - (f) a statement that the information provided is accurate.
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## 4. Describe how the proposed Market Rule change would allow the Market Rules to better address the Wholesale Market Objectives:

The IMO submits that the proposal supports market objective (a) by ensuring that retailers can effectively fulfil their Reserve Capacity Obligations by drawing on other available loads in place of churned curtailable loads.

The proposal also supports market objective (e) because it encourages participation in DSM Programs by reducing the risk to retailers.

The IMO submits that the proposal is consistent with the remaining market objectives.

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**5. Provide any identifiable costs and benefits of the change:**

**Costs**

No costs associated with implementing this proposed rule change have been identified.

**Benefits**

The proposed rule change supports the Market Objectives as outlined in section 4 of this proposal.

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