

23 April 2009

Mr Troy Forward
Manager Market Administration and System Capacity
Independent Market Operator
PO Box 7096
Cloisters Square
Perth WA 6850

Dear Troy

Market Rule Change Proposals – 2008_35, 2009_05, 2009_07

Thanks you for the opportunity to comment on the above Market Rule changes. Perth Energy is pleased to provide the attached comments on these.

RC_2008_35 Capacity Refund Mechanism – New Generators

Perth Energy supports the decision taken by the IMO not to support this proposed Rule Change which would have set seasonal caps for refunds applying to new generators. It is our opinion that setting seasonal caps would decrease the incentive on generators to ensure that all reasonable measures are taken to bring new plant into service as soon as is possible. Griffin has made the point that:

“new entrant plant is susceptible to one-off construction risk where the timeframe for completing commissioning can blow out for extended periods beyond the control of the generator”

Perth Energy considers that this is precisely the reason why the proposed Rule Change, which would lessen the commercial pressure on new generators, is inappropriate. Rather, Griffin's comment strengthens the case for changing the required in-service date for new generators as has been proposed by the IMO.

RC_2009_05 Confidentiality of Accepted Outages

This Rule Change would allow System Management to make available information on approved generator outages to the relevant Network Operator to facilitate coordination of generator and network outages.

Perth Energy considers that this change would improve the scheduling of maintenance and thereby improve the reliability and economic performance of the electricity market. We support the proposed Rule Change.

RC_2009_07 Under Constructioun for the Reserve Capacity Mechanism

This Rule Change would change the classification of new generators. Rather than having to demonstrate that a new facility is “under construction”, a developer would need to be able to demonstrate that it is “committed”.

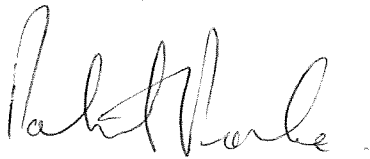
Perth Energy supports this change. The process of developing a new project has many stages and a developer will have made very substantial commitments well before construction actually takes place. As noted in the Rule Change Notice, some projects take considerably less than two years to build so construction may not have commenced at the time that certification and capacity credits are sought. This is particularly true for gas turbine plant, small renewable and plant upgrades.

It can be anticipated that there may be some disagreement over just what constitutes a facility being "committed", particularly if this results in one facility being given preference over a second facility, but Perth Energy sees this as unavoidable. Every project is different and the IMO needs some leeway to be able to make its own determination of whether a project is really committed or not. Perth Energy considers that the list of factors to take into account in the assessment of "committed" is reasonable.

Perth Energy suggests a small change to the proposed Amending Rules. For consistency, the term "yet to commence being constructed" in clause 4.2.7 (b) could be replaced by "not yet committed".

I would be happy to discuss any of these points with you directly if this would assist the Rule Change process.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Patrick Peake', written in a cursive style.

Patrick Peake
General Manager Wholesale